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

+ W.P.(CRL) 720/2023 & CRL.M.A. 14314/2023, CRL.M.A.
25311/2025

HAMMAD AHMED & ANR.

.....Petitioners

Through: Mr. N. Hariharan, Senior Advocate
with Mr. Bobby Lau, Mr. Mohd.
Aslam Khan, Ms. Puniya Rekha
Angara, Mr. Aman Akhtar, Ms.
Vasundhara N., Ms. Sana Singh, Ms.
Vasundhara Raj Tyagi and Mr. Arjun
Singh Mandla, Advocates.

versus

STATE (GOVT OF NCT OF DELHI) & ANR.Respondents

Through: Mr. Sanjeev Bhandari, ASC with Mr.
Arjit Sharma and Ms. Sakshi Jha,
Advocates for the State.
SI Sanjeet Singh, PS: EOW.
Ms. Shalini Kapoor, Ms. Simran
Mehta, Ms. Divyanshi Saxena and
Mr. Udit Bhatiani, Advocates for R-2.

CORAM:

HON'BLE MR. JUSTICE SANJEEV NARULA

ORDER

% **03.09.2025**

1. The present petition under Article 226 of the Constitution of India, 1950 read with Section 528 of the Bharatiya Nagarik Suraksha Sanhita, 2023¹ (*pari materia* Section 482 of the Code of Criminal Procedure, 1973²)

¹ "BNSS"

² "Cr.P.C."



seeks quashing of FIR no. 0089/2014³ dated 11th March, 2014 registered under Sections 34/406/408/420/468/471 of the Indian Penal Code, 1860⁴ at P.S. Kamla Market. This prayers rests on a settlement between the parties.

2. The factual backdrop, in brief, is as follows:

2.1. The FIR was registered on the basis of a complaint lodged by M/s Hamdard Laboratories (India), a Trust, through one of its trustees, Mr. Asad Mueed (Respondent No. 2/Complainant), against two other trustees, Mr. Hammad Ahmed and his son Mr. Hamid Ahmed (the Petitioners), and certain associates.

2.2. The gravamen of the allegations is that the Petitioners, while occupying key positions in the Sales and Marketing Department of the Trust, entered into a conspiracy with certain private entities, including M/s Shree Ranisati Sales Pvt. Ltd., M/s Arora Sales Corporation, and M/s Eden Enterprises Pvt. Ltd., to cause wrongful loss to the Trust by issuing unauthorized credit notes and permitting goods to be supplied on credit in violation of contractual terms.

2.3. It is alleged that Mr. Hammad Ahmed facilitated the appointment of M/s Eden Enterprises Pvt. Ltd. as a “Super Distributor”. Although, the contractual terms mandated cash-only transactions, supplies were made on credit in violation thereof. Supplies worth approximately INR 1.76 crores were made on credit, which remained unpaid. It is further alleged that M/s Arora Sales Corporation, having outstanding dues exceeding INR 7 crores, operated from the same address as M/s Eden Enterprises and shared a common director, Mr. Rakesh Arora. These circumstances point towards a

³ “the impugned FIR”

⁴ “IPC”



possible conspiracy between the entities.

2.4. The investigation revealed financial links between the entities and the individuals involved, as well as their association through common directorships in other companies such as M/s Epic Food Products Pvt. Ltd. and M/s Indo Herbal Health Care Co., the latter allegedly a sham entity used for siphoning funds.

2.5 On the basis of these findings, a chargesheet was filed on 30th November, 2021 against the Petitioners and others for offences punishable under Sections 406, 408, 420, 468, 471, and 34 IPC. The matter is currently pending before the Court of CMM, Central District, Tis Hazari Courts, Delhi.

3. The Petitioners are now seeking quashing of the FIR on the basis of a Family Settlement Deed dated 22nd October, 2019⁵. As per the Settlement Deed, the parties have agreed, *inter alia*, to withdraw all pending litigation and cooperate in effecting such withdrawal. Clause 10 of the Settlement Deed specifically provided that:

“10. The Parties also agree that they will withdraw and/or compromise all pending litigation; which is described more particularly in Annexure-II to this Family Settlement Deed. Both the Parties agree to cooperate with each other in securing such withdrawal and/or compromise of the abovementioned litigation. The Parties shall jointly take steps in this regard within a period of 30 days from the sanctioning of this Settlement by the Court.”

4. In pursuance of the above, Respondent No. 2 himself approached this Court by way of writ petition [W.P.(CRL.) 883/2021 titled ***Hamdard Laboratories India & Anr. v. NCT of Delhi & Ors.***] seeking quashing of the impugned FIR. In that petition, Respondent No. 2, Mr. Asad Mueed, was

⁵ “Settlement Deed/settlement”



arrayed as Petitioner No. 2, while the present Petitioners were arrayed as Respondent Nos. 2 and 3. The writ petition expressly recorded the factum of amicable settlement and execution of the Family Settlement Deed dated 22nd October, 2019. The relevant averments therein are to the following effect:

“3. That in the aforesaid circumstances an FIR was registered with Kamla Market PS, vide FIR No.0089 of 2014. The said FIR was registered under Sections 406, 408, 420, 468, & 471 IPC. Subsequently this FIR was transferred to Economic Offence Wing for investigation. The case is pending investigation with the Economic Offence Wing.

4. Moreover, it is further alleged in the FIR that the respondents have caused a loss of INR 1,74,50,680/- in another transaction for fraudulent and non-existing supplies to a firm named Aarm Steels (India) Ltd. The said transaction involved delivery of tree guards for the advertisement of the Petitioner No.1, but on further investigation it was found out that no tree guards were delivered to the Petitioner No.1. Yet, the Respondent No. 1 along with other co-accused pre-elapsed cheques for the firm named Aarm Steels (India) and forged documents in the name of Petitioner No.1. The Petitioners thus filed complaint no. 523515/2016 with the competent court, wherein the Hon'ble court of MM. Sandeep Garg has summoned the accused i.e. the Respondent No. 1 along with other co-accused.

5. That the said FIR is under investigation. In the meantime, Mr. Abdul Mueed the last Chief Mutawalli of the Petitioner No.1, met sad demise which led to a divide amongst the mutawallis and as to who be the Chief Mutawalli. This negatively affected the functioning of different businesses of Petitioner No.1. The dispute rose to such a level that both the factions initiated litigation against each other. At every stage of the litigation, the parties were advised by the courts to settle their disputes amicably. This sentiment found strong resonance in the abovementioned order dated 09.07.2019, in M.A. Nos. 883-884 of 2019 in C.A. 3382-83 OF 2019 passed by the Hon'ble Supreme Court of India.

6. That owing to the above-mentioned Apex Court order all the Mutawallis-Trustees or Petitioner No.1 including the Respondent and Petitioner No.2 mutually decided to settle their disputes harmoniously. Therefore all the Mutawallis-Trustees entered into a Family Settlement Deed [hereinafter referred to as FSD] dated 22.10.2019. The very deed was notarized on the 25.10.19 and further amended on 21.02.2021. A copy of the said FSD has been annexed herewith and marked as Annexure P/2.

7. That according to clause 10 of the said FSD all the parties agreed to withdraw and/or compromise all pending litigation. The specific titular details of the subsisting disputes between the Trustees- Mutawallis were put-forth in Annexure-II of the said FSD. It is pertinent to note that the concerned complaint case is sitting atop of that list.



8. *Therefore the petitioners have preferred this present petition to give effect to the said FSD and invite indulgence of this Hon'ble Court to quash the above-mentioned FIR.*

9. *The petitioners submit that it had no other efficacious remedy under the law except to approach this Hon'ble Court.*

10. *The petitioners have not filed a similar petition/application before this Hon'ble Court or any other court of law, seeking similar relief."*

5. However, when W.P. (CRL.) 883/2021 came up for consideration, this Court was of the opinion that a petition seeking quashing of the FIR ought to have been moved by the accused persons, with the complainant extending cooperation, rather than the complainant initiating the petition. Accordingly, by order dated 24th May, 2022, it was observed:

"This is a petition seeking quashing of FIR No. 0089/2014 dated 11.03.2014 u/s 34/406/408/420/468/471 IPC registered with P.S. Kamala Market, Delhi.

A bare perusal of the FIR shows that it is the petitioner herein who is the complainant in the FIR.

It is further submitted that there is a family settlement dated 22.10.2019, pursuant to which it is being agreed that the parties will cooperate to get the FIR quashed. Since the FIR has been registered at the instance of the petitioner, I am of the view that it would be in the fitness of things that the respondent Nos. 2 and 3, who are the accused persons in the FIR should file the quashing petition with the cooperation from the complainant i.e. the petitioner.

The learned counsel for the parties will look into this legal aspect and take requisite steps.

Re-notify on 25.08.2022."

6. In view of the above observations, the earlier writ petition was dismissed as withdrawn by order dated 10th April, 2023. The present petition has, therefore, been instituted by the accused persons themselves, in conformity with the direction earlier indicated by this Court.

7. However, Respondent No. 2, who was himself the petitioner in W.P. (CRL.) 883/2021, and had supported quashing by way of an affidavit, now opposes the present petition. It is contended on his behalf that subsequent to



the filing of this petition, the accused persons have siphoned off additional funds to the tune of INR 172 crores from the Trust and that they have failed to honour their obligations under the Settlement Deed.

8. Reliance is also placed on execution proceedings pending before the civil court in relation to a decree dated 13th December, 2019. Counsel for Respondent No. 2 also argues that since the same relief of quashing of the impugned FIR has been sought in the execution proceedings relating to the decree, the present petition is not maintainable.

9. It is further pointed out that in light of these alleged subsequent breaches, Respondent No. 2 has sought discharge from his obligations under Clause 10 of the Settlement Deed, by way of claims pressed in arbitration proceedings that are presently pending between the parties.

10. The Court has considered all the objections raised by Respondent No. 2, however, none of them are found to be persuasive enough to deny relief to the Petitioners. The cardinal fact is that Respondent No. 2 himself had earlier invoked this Court's jurisdiction in W.P. (CRL.) 883/2021, expressly seeking quashing of the present FIR on the basis of the Family Settlement Deed dated 22nd October, 2019. That deed has neither been annulled by a competent court nor rescinded *inter se* the parties. The voluntary nature of that settlement, and its continuing existence in law, remains uncontroverted.

11. It also bears emphasis that the very objections now pressed, i.e., ongoing arbitral proceedings, allegations of non-implementation of certain terms, and claims of siphoning, were considered by this Court in its order dated 15th July, 2025 in CRL. M.C. 3359/2011 connected in respect of a criminal complaint. There too, the Court was confronted with the argument that disputes arising under the Family Settlement Deed had been referred to



arbitration, and that certain obligations were allegedly unfulfilled. Despite this, the Court held that the execution of the deed itself was undisputed, that both sides had, in contempt proceedings, reaffirmed their consent to withdraw or quash pending criminal complaints, and that quashing could not be indefinitely stalled merely because collateral disputes had gone to arbitration. It was clarified that should the arbitral adjudication necessitate revival of criminal proceedings, the parties retained liberty to approach the Court afresh. The relevant portion of the order reads as follows:

“1. The present petitions filed under Section 482 of the Code of Criminal Procedure, 1973⁶ (corresponding to Section 528 of the Bharatiya Nagarik Suraksha Sanhita, 2023⁷) seek quashing of Complaint Case No. 523515/2016 (earlier, CC No. 5480/1/10) titled **Hamdard (Wakf) Laboratories & Anr. v. Tariq-E-Siddique & Ors.**, pending before the Tis Hazari Court, Delhi, and the proceedings emanating therefrom.

2. Mr. Hammad Ahmed, the Petitioner in CRL. M.C. 3359/2011, is a senior Mutawalli of Hamdard (Waqf) Laboratories (Respondent No. 1). Mr. Asad Mueed (Respondent No. 2) is the Petitioner’s nephew. Mr. Afir Husain and Mr. Tariq E. Siddiqui, the Petitioners in CRL. M.C. 3361/2011 and CRL. M.C. 3362/2011, respectively, are employees of Respondent No. 1.

3. The prayer for quashing is premised on a ‘Deed of Family Settlement’ dated 22nd October, 2019, of which the relevant portion reads as under:

“10. The Parties also agree that they will withdraw and/or compromise all pending litigation; which is described more particularly in **Annexure-II** to this Family Settlement Deed. Both the Parties agree to cooperate with each other in securing such withdrawal and/or compromise of the abovementioned litigation. The Parties shall jointly take steps in this regard within a period of 30 days from the sanctioning of this Settlement by the Court.”

4. This clause refers to Annexure-II, which enumerates the inter se complaints that the parties have agreed to withdraw in light of the settlement. The impugned complaint case is listed at serial no. 1 of the said annexure. Based on this settlement, Mr. N. Hariharan, senior counsel for the Petitioner in CRL. M.C. 3359/2011, highlights that pursuant to the

⁶ “CrPC”

⁷ “BNSS”



settlement, the complaint mentioned at serial no. 2 – Complaint Case No. 525309/2016 titled **Hamdard (Wakf) Laboratories & Ors. v. Hammad Ahmed & Ors.** – has, in fact, been withdrawn by the Respondents. He further emphasizes that both parties are implementing the terms of the settlement, although certain claims have been raised by the Respondents before an arbitral tribunal appointed by this Court. Nevertheless, insofar as the present case is concerned, Mr. Hariharan argues, the parties remain bound by the terms of the settlement.

5. On the other hand, Mr. Sanjoy Ghose, senior counsel for the Respondents, opposes the present petitions. He submits that arbitration proceedings are presently underway between the parties indicating unresolved disputes between them. In this context, he draws the attention of the Court to the order dated 20th November, 2023, passed in CONT.CAS(C) 1689/2023 titled **Asad Mueed & Anr. v. Hammad Ahmad & Ors.**, wherein the Court observed as follows:

“CM APPL. 59562/2023

Exemption allowed, subject to all just exceptions.

The application is disposed of.

CONT.CAS(C) 1689/2023

1. This is a petition seeking initiation of contempt proceedings for violation of the decree dated 13.12.2019 in CS (OS) No. 162/2017.

2. As per the judgment, the parties had arrived at a settlement and had agreed to abide by the terms and conditions contained therein.

3. It is stated by Mr. Vasdev, learned senior counsel for the petitioner that the respondent is guilty of non-compliance regarding withdrawal/quashing of the criminal complaint filed by the respondents.

4. Mr. Sindhwani, learned senior counsel opposes the same and states that the respondent is complying with their obligations as per the settlement recorded in the judgment dated 13.12.2019.

5. With consent of parties, it is directed that the parties shall comply with their obligations contained in the judgment dated 13.12.2019 including quashing/withdrawal of the criminal complaint, subject to the disputes which are pending before the Arbitral Tribunal.

6. This Court has not commented or made any observations with regard to the disputes pending before the Arbitral Tribunal.

7. This Court has also not commented on the fact whether the issue with regard to quashing/withdrawal of the criminal complaint is a subject matter of the disputes



before the Arbitral Tribunal.

8. *With these observations, the contempt petition is disposed of.”*

[Emphasis supplied]

6. *Mr. Ghose submits that the Settlement Deed is not being implemented in its entirety by the parties, which is the reason they are currently engaged in arbitration. He further contends that the withdrawal of the complaint was premised on the understanding that the parties would implement the settlement in its true letter and spirit.*

7. *The Court has considered the aforementioned contentions. The execution of the settlement deed is not disputed. In fact, the order relied upon by Mr. Ghose – arising out of the contempt proceedings – categorically records the consent of the parties for quashing or withdrawal of the criminal complaints, subject to the disputes pending before the arbitral tribunal.*

8. *In light of this clear undertaking given by the parties, the Court finds no reason to keep the present proceedings pending. In light of the settlement and the consent recorded in the order dated 20th November, 2023, the impugned Complaint Case No. 523515/2016 (previously CC No. 5480/1/10), titled **Hamdard (Wakf) Laboratories & Anr. v. Tariq E. Siddiqui & Ors.**, pending before the Tis Hazari Court, Delhi, and all proceedings emanating therefrom are hereby quashed. However, it is clarified, if the adjudication of the disputes by the arbitral tribunal necessitates revival of the criminal complaint, the parties shall be at liberty to approach the Court for appropriate relief.*

9. *The Petitioners in CRL. M.C. 3361/2011 and CRL. M.C. 3362/2011 are merely employees of Respondent No. 1. Nonetheless, in view of the settlement between the parties and quashing of the complaint itself, the continuation of the proceedings against them is futile.*

10. *It is clarified that the Court has not expressed any opinion on the merits of the case. The quashing of the complaint is solely based on the settlement between the parties and the consent recorded in the order dated 20th November, 2023.*

11. *Accordingly, the present petitions are disposed of along with pending applications.”*

12. As highlighted by Mr. N. Hariharan, senior counsel for the Petitioners, criminal complaints instituted by the Petitioners against Respondent No. 2 have since been withdrawn, evidencing reciprocal performance. The conduct of both sides thus demonstrates that the



settlement was not a mere paper arrangement but one which was in fact implemented, though certain residual disputes regarding its complete execution are now before the Arbitral Tribunal.

13. The pendency of execution proceedings arising from the decree dated 13th December, 2019 does not create a legal bar to quashing. Execution is a mechanism for enforcing a civil decree; it does not vest the executing court with the inherent jurisdiction conferred on the High Court under Section 482 Cr.P.C. (*pari materia* Section 528 BNSS) to quash an FIR. The nature of relief sought in execution and the power invoked here operate in distinct spheres.

14. Likewise, the objection of Respondent No. 2 that he has sought discharge from the obligation to consent to quashing of the FIR does not commend acceptance. The Family Settlement Deed was a composite arrangement, and the stipulation requiring withdrawal of *inter se* litigation was one of its essential term. Without such a clause, the very object of achieving finality and peace between the factions would stand frustrated. It is not in dispute that the Settlement Deed has been acted upon in part, several proceedings have in fact been withdrawn pursuant to it. Moreover, Respondent No. 2 has not taken any steps to annul or rescind the Settlement Deed in its entirety. In these circumstances, a *prima facie* unilateral attempt to sever a central clause while continuing to rely on the rest of the arrangement cannot be allowed. To permit such a course would be to allow one party to rewrite the settlement to suit its present convenience. Accordingly, the plea of discharge from this specific obligation is untenable and cannot be relied upon to oppose the present petition.

15. The further allegation of Respondent No. 2 that the Petitioners have



siphoned off additional sums amounting to INR 172 crores from the Trust, even if assumed to have some basis, cannot be a ground to sustain the present FIR. The said allegation pertains to events subsequent to the execution of the Settlement Deed and falls outside the scope of the FIR in question, which is confined to specific transactions investigated between 2014 and 2021. If Respondent No. 2 believes that fresh offences have been committed or that the Petitioners have violated fiduciary obligations, the appropriate remedy is to institute proceedings in respect of those subsequent acts, civil or criminal, as may be advised. What cannot be permitted is the use of an already-settled and compromised FIR as a lever to address new disputes. To do so would be to conflate distinct causes of action and to frustrate the very objective of the Family Settlement Deed, which was intended to put an end to past disputes.

16. It is important to emphasize that the dispute between the parties is essentially private in nature and predominantly commercial. The allegations arise from internal disagreements relating to contractual obligations, financial transactions and fiduciary duties within a family-controlled trust and its associated entities. Such disputes are fundamentally civil in character and do not involve public wrongs or offences that impact society at large. This distinction is significant because the law recognizes that criminal proceedings founded on private commercial disputes, where the parties have reached an amicable settlement, may appropriately be quashed in order to prevent abuse of the legal process and to uphold the principle of finality in litigation. This principle has been clearly articulated in the judgment of the



Supreme Court in ***Gian Singh vs State Of Punjab & Anr***⁸:

*“57. 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 F.I.R may be exercised where the offender and 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 serious impact on society. Similarly, any compromise between the victim and offender in relation to the offences under special statutes like 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 pre-dominantly civil flavour stand on 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, High Court may quash criminal proceedings if in its view, because of the compromise between the offender and victim, the possibility of conviction is remote and bleak and continuation of criminal case would put 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 or continuation of the criminal proceeding would tantamount to abuse of process of law despite settlement and compromise between the victim and wrongdoer and whether to secure the ends of justice, it is appropriate that criminal case is put to an end and if the answer to the above question(s) is in affirmative, the High***

⁸ 2012 (10) SCC 303



Court shall be well within its jurisdiction to quash the criminal proceeding.”

[Emphasis supplied]

17. In view of the foregoing, this Court is satisfied that the foundation of the dispute which gave rise to the impugned FIR stands squarely covered by the Family Settlement Deed dated 22nd October, 2019. The settlement has been acknowledged, acted upon, and partially implemented by both sides. It has never been annulled or set aside. The objections sought to be raised by Respondent No. 2, whether in the form of alleged subsequent siphoning of funds, pendency of arbitral proceedings, or a plea of discharge from obligations, are collateral to the FIR and cannot justify keeping alive a prosecution that the parties themselves agreed to bring to a close. To allow such objections to derail the settlement would defeat its very object and perpetuate proceedings that now serve no useful purpose. Accordingly, this Court holds that the continuance of the criminal proceedings/chargesheet in FIR No. 0089/2014 *qua* the Petitioners would amount to an abuse of law, and that the ends of justice warrant its quashing.

18. It is clarified that this quashing is predicated solely on the subsisting Family Settlement Deed dated 22nd October, 2019 and the mutual undertakings recorded in earlier proceedings. The arbitral tribunal remains fully competent to adjudicate upon the inter se disputes between the parties, and nothing in this order shall be construed as an expression on the merits of those claims.

19. It is further clarified that this order quashes the chargesheet only insofar as it relates to the Petitioners. The FIR against the other accused persons named therein shall continue in accordance with law.



20. The petition stands allowed in the above terms and all pending applications stand disposed of.

SANJEEV NARULA, J

SEPTEMBER 3, 2025

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