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

+ **W.P.(CRL) 3410/2023**

VIVEK SURESH AGARWAL & ORS.

.....Petitioners

Through: **Mr. Dhruv Gupta, Advocate**

versus

STATE GOVT. OF NCT OF DELHI AND ORS.Respondents

Through: **Mr. Yasir Rauf Ansari, ASC (Crl.) for the State with Mr. Alok Sharma, Mr. Amit Sahni, Advocates along with SI Prashant Kumar, PS Prashant Vihar Mr. Vijay Kasana, Mr. Chirag Verma, Mr. Dalip Garg, Advocates for R-2 Mr. Ankit Siwach, Mr. Vishal Chaudhary, Mr. Ankit Kumar, Advocates for R-3 to 5**

+ **W.P.(CRL) 3182/2023**

VIPIN PRAKASH MANGAL & ORS.

.....Petitioners

Through: **Mr. Ankit Siwach, Mr. Vishal Chaudhary, Mr. Ankit Kumar, Advocates**

versus

STATE OF NCT OF DELHI & ANR.

.....Respondents

Through: **Mr. Vijay Kasana, Mr. Chirag Verma, Mr. Dalip Garg, Advocates for R-2**

CORAM:

HON'BLE MR. JUSTICE SANJEEV NARULA

ORDER

22.01.2025

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CRL.M.A. 1874/2025 in W.P.(CRL) 3410/2023; CRL.M.A. 2045/2025 in W.P.(CRL) 3182/2023 (seeking early hearing)

1. For the grounds and reasons stated in the applications, the same are allowed.
2. With the consent of counsel for parties, the main writ petitions are taken up on board today itself.
3. Disposed of.

W.P.(CRL) 3410/2023; W.P.(CRL) 3182/2023

4. The present petitions have been filed under Section 482 of the Code of Criminal procedure, 1973,¹ seeking quashing of FIR No. 0230/2023 dated 26th May, 2023, registered at Police Station Prashant Vihar for the offence under Sections 420/406/34 of the Indian Penal Code, 1860,² as well as all consequential proceedings emanating therefrom.
5. Petitioner Nos. 1 and 2 in W.P.(CRL) 3410/2023 are the erstwhile directors of a company, *i.e.*, Agarwal Mittal Concast Pvt. Ltd.,³ and Petitioner No. 3 is the son of Petitioner No. 1. The Company underwent the Corporate Insolvency Resolution Process, and following the approval of the resolution, the management of the Company was taken over by Petitioner Nos. 1 to 3 in W.P.(CRL) 3182/2023 (Respondent Nos. 3-5 W.P.(CRL) 3410/2023), who are the present directors of the said Company. The FIR in question has been registered against all the aforementioned accused persons, who shall hereinafter be collectively referred to as the Petitioners, for the sake of convenience.
6. The Complainant has alleged in the FIR that the Petitioners made assurances to lure him into supplying scrap to the Company on a credit

¹ "CrPC"

² "IPC"



basis, after which the Complainant provided scrap worth approximately INR 2.78 Crores to the Company. However, after making a partial payment of INR 1.13 Crores, the Petitioners failed to settle the remaining outstanding dues. On account of their default in making the payments, the Complainant made enquiries and discovered that the Petitioners, in connivance with each other, had siphoned off large sums of money from the Company to defraud its creditors, including the Complainant. This ultimately led to the filing of the FIR.

7. The Petitioners have now approached this Court seeking quashing of the FIR. They submit that the parties have amicably settled their dispute, as evidenced by the Memorandum of Understanding⁴ executed on 9th November 2023 between Mr. Suresh Binjraj Agarwal (Petitioner No. 2 in W.P.(CRL) 3410/2023) and the Complainant/Respondent No. 2. A copy of the aforementioned MoU has been duly placed on record in W.P.(CRL) 3410/2023.

8. Mr. Yasir Rauf Ansari, ASC (Crl.) for the State, opposes the quashing of the FIR. He places reliance on a copy of e-Stamp dated 3rd April 2019 linked to an affidavit purportedly issued by Mr. Vivek Agarwal (Petitioner No. 1 in W.P.(CRL) 3410/2023), allegedly providing assurance and guarantee of payments from the alleged directors of the Company. He submits that the stamp paper was discovered to be fake, leading to the addition of Sections 467, 468, and 471 of the IPC against the Petitioners. In response, Mr. Dhruv Gupta, counsel for the Petitioners in W.P.(CRL) 3410/2023, submits that no such document has been recovered at the instance of any of Petitioners and, as such, the Petitioners cannot be

³ “Company”

⁴ “MoU”



implicated merely on the basis of a photocopy that ostensibly bears the name of Mr. Vivek Agarwal. The original of the document is not with either of the Petitioners.

9. Be that as it may, it is observed that the parties have amicably resolved their dispute in accordance with the MoU dated 9th November, 2023, and urge the Court to quash the impugned FIR pursuant to their settlement. At this juncture, it is imperative to emphasise the Court's power under Section 482 of the CrPC to quash criminal proceedings pursuant to a settlement between the parties. In this regard, the Supreme Court in **Narinder Singh & Ors. v. State of Punjab & Anr.**,⁵ has laid down certain guidelines and parameters for the High Courts while accepting settlement and quashing the proceedings:

“29. In view of the aforesaid discussion, we sum up and lay down the following principles by which the High Court would be guided in giving adequate treatment to the settlement between the parties and exercising its power under Section 482 of the Code while accepting the settlement and quashing the proceedings or refusing to accept the settlement with direction to continue with the criminal proceedings:

29.1. Power conferred under Section 482 of the Code is to be distinguished from the power which lies in the Court to compound the offences under Section 320 of the Code. No doubt, under Section 482 of the Code, the High Court has inherent power to quash the criminal proceedings even in those cases which are not compoundable, where the parties have settled the matter between themselves. However, this power is to be exercised sparingly and with caution.

29.2. When the parties have reached the settlement and on that basis petition for quashing the criminal proceedings is filed, the guiding factor in such cases would be to secure:

(i) ends of justice, or

(ii) to prevent abuse of the process of any court.

While exercising the power the High Court is to form an opinion on either of the aforesaid two objectives.

29.3. Such a power is not to be exercised in those prosecutions which involve heinous and serious offences of mental depravity or offences like murder, rape, dacoity, etc. Such offences are not private in nature

⁵ (2014) 6 SCC 466.



and have a serious impact on society. Similarly, for the offences alleged to have been committed under special statute like the Prevention of Corruption Act or the offences committed by public servants while working in that capacity are not to be quashed merely on the basis of compromise between the victim and the offender.

29.4. On the other hand, those criminal cases having overwhelmingly and predominantly civil character, particularly those arising out of commercial transactions or arising out of matrimonial relationship or family disputes should be quashed when the parties have resolved their entire disputes among themselves.

29.5. While exercising its powers, the High Court is to examine as to whether the possibility of conviction is remote and bleak and continuation of criminal cases would put the accused to great oppression and prejudice and extreme injustice would be caused to him by not quashing the criminal cases.”

[Emphasis Supplied]

10. Similarly in the case of ***Parbatbhai Aahir & Ors. v. State of Gujarat & Anr.***,⁶ the Hon’ble Supreme Court has observed the following:

“16. The broad principles which emerge from the precedents on the subject, may be summarised in the following propositions:

16.1. Section 482 preserves the inherent powers of the High Court to prevent an abuse of the process of any court or to secure the ends of justice. The provision does not confer new powers. It only recognises and preserves powers which inhere in the High Court.

16.2. The invocation of the jurisdiction of the High Court to quash a first information report or a criminal proceeding on the ground that a settlement has been arrived at between the offender and the victim is not the same as the invocation of jurisdiction for the purpose of compounding an offence. While compounding an offence, the power of the court is governed by the provisions of Section 320 of the Code of Criminal Procedure, 1973. The power to quash under Section 482 is attracted even if the offence is non-compoundable.

16.3. In forming an opinion whether a criminal proceeding or complaint should be quashed in exercise of its jurisdiction under Section 482, the High Court must evaluate whether the ends of justice would justify the exercise of the inherent power.

16.4. While the inherent power of the High Court has a wide ambit and plenitude it has to be exercised (i) to secure the ends of justice, or (ii) to prevent an abuse of the process of any court.

16.5. The decision as to whether a complaint or first information

⁶ (2017) 9 SCC 641.



report should be quashed on the ground that the offender and victim have settled the dispute, revolves ultimately on the facts and circumstances of each case and no exhaustive elaboration of principles can be formulated.

16.6. In the exercise of the power under Section 482 and while dealing with a plea that the dispute has been settled, the High Court must have due regard to the nature and gravity of the offence. Heinous and serious offences involving mental depravity or offences such as murder, rape and dacoity cannot appropriately be quashed though the victim or the family of the victim have settled the dispute. Such offences are, truly speaking, not private in nature but have a serious impact upon society. The decision to continue with the trial in such cases is founded on the overriding element of public interest in punishing persons for serious offences.

16.7. As distinguished from serious offences, there may be criminal cases which have an overwhelming or predominant element of a civil dispute. They stand on a distinct footing insofar as the exercise of the inherent power to quash is concerned.

[Emphasis Supplied]

11. Examining the present case in light of the principles laid down by the Supreme Court, it is evident that the present matter does not pertain to a heinous criminal offence, but rather has a predominantly civil character, arising from the buyer-seller relationship between the parties. The parties have executed an MoU and amicably resolved their dispute, with the Petitioners paying a settlement amount of INR 1 Crore to the Complainant. In exchange, the Complainant has agreed not to pursue the FIR against any of the accused, *i.e.*, the Petitioners. The Complainant has also expressed no objections to the quashing of the FIR, and an affidavit to this effect has also been placed on record.

12. Therefore, in view of the aforementioned settlement between the parties, and the bleak prospect of a conviction of the Petitioners, it would serve no purpose to continue with the proceedings stemming from the present FIR. Continuing the proceedings would only amount to an abuse of the judicial process and impose an unwarranted burden on the State



Exchequer.

13. Accordingly, the petition is allowed, and FIR No. 0230/2023 dated 26th May, 2023 registered at PS Prashant Vihar, Delhi under Sections 420/406/34 IPC and all proceedings emanating therefrom, are quashed.

14. The parties shall abide by the terms of settlement.

15. Accordingly, the petition is disposed of. Pending applications (if any) are disposed of as infructuous.

16. The date of 18th February, 2025, stands cancelled.

SANJEEV NARULA, J

JANUARY 22, 2025

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