IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

CRM-M-38527-2025

Ashish Mohan Gupta and another …...Petitioner

Versus

State of U.T. Chandigarh and another …... Respondents

1.	**Date when Order was reserved**	**20.05.2026**
2.	**Pronouncement of Order**	**26.05.2026**
3.	**Date of uploading Order**	**26.05.2026**
4.	**Whether operative part or full Order is pronounced**	**Full**
5.	**Delay, if any, in pronouncing of full order, and reasons thereof**	**Not Applicable**

CORAM: HON'BLE MR. JUSTICE SANJAY VASHISTH

Present: Mr. Atul Aggarwal, Advocate for the petitioner.

Mr. Rahil Mahajan, Addl. P.P., U.T. Chandigarh for respondent No.1

Mr. Udai Yashvir Singh, Advocate for Mr. Sandeep Suri, Advocate and Ms. Ayesha Negi, Advocate (through vc) for respondent No.2.

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SANJAY VASHISTH, J.

1. Present petition has been filed under Section 528 of the BNSS for quashing of FIR No. 0005 dated 17.01.2025, registered under Sections 120-B, 406, and 420 of the Indian Penal Code at Police Station North Chandigarh, along with all subsequent proceedings arising therefrom.

2. In the year 2006, petitioners availed a loan facility of Rs. 50 lakhs from ICICI Bank Ltd., Sector 9-C, Chandigarh (respondent No. 2). Thereafter, petitioners regularly paid the instalments; however, a dispute arose with the bank on account of the charging of an excessive rate of interest. Firstly, petitioners filed a complaint under the Consumer Protection Act; however, same was dismissed, and said order was also upheld by the Appellate Commission. Bank also initiated parallel proceedings before the Debt Recovery Tribunal (DRT) by filing OA No. 185 of 2019 for recovery of the outstanding amount from the petitioners.

Bank also resorted to criminal proceedings by filing a complaint; however, upon investigation conducted by the U.T. Police, it was found that the matter was sub judice and that respondent No. 2-bank was not cooperating in the inquiry proceedings. Consequently, said complaint was closed by the police on 13.05.2024.

3. Thereafter, another identical complaint dated 26.04.2023 was filed by the Bank-respondent No.2 at Police Station North Chandigarh, pursuant to which the FIR in question came to be registered against the petitioners. Allegations recorded therein are reproduced as under:

> *“ ICICI Bank Date: April 26, 2023 To, the DGP, Chandigarh U.T. Complaint against Mr. Ashish Mohan Gupta, Ms. Suchi Gupta and unknown for cheating, criminal breach of trust and other offences mentioned herein below:*
>
> *Respected Sir, With reference to the captioned subject we would like to inform that ICICI Bank Limited (hereinafter referred as "ICICI Bank"I*

is a company registered under Companies Act 1949 carrying out the business of Banking as per Banking Regulation Act, 1956 having its corporate office at ICICI Bank Towers, Bandra Kurla Complex, Bandra [East], Mumbai and branch office at ICICI bank ltd SCO-174,175 Sector 9C chandigarh "ICICI Bank" carries out the business of Banking within the territorial jurisdiction of India and provides the provides the several types of financial assistance including the housing loan (Home Loan] Facility to the public in India through the Branch network spread across the country. We would like to inform your good self that Ashish Mohan Gupta [applicant] and Suchi Gupta [co- applicant] Non-Residential Property Loan from "ICICI Bank" on July 31, 2006 for Rs. 50,00,000/- [Rupees Fifty Lakhs Only] vide loan account number LBCHD00001379208 with floating rate of interest of 10.75% p.a which was repayable in 180 Months. This was a direct allotment case wherein on March 24, 2005, the property in question was allotted by PSIEC in favour of Shuchi Gupta vide allotment letter. On July 31, 2006, the said home loan was sanctioned and later disbursed vide a cheque to PSIE [Punjab Small Industries and Export Corporation) on behalf of the borrowers by the Bank. Borrowers did not maintained financial discipline and started defaulting in paying EMIs. Since "ICICI Bank" is trustee of public money, officials initiated the process of recovery. During course of recovery it was found that Suchi Gupta had executed a GPA in December, 2007 in the name of Mr. Tirath Singh for the sale of the mortgage property. PSIEChas transferred this property to present owner Kamaljit

> *Kaur Wo Malwinder Singh on March 31, 2008. From above discussion it is clear that borrowers with malafide intention transferred property to third party and subsequently diluted the collateral against above mentioned loan. For the reason stated hereinabove, we request you to take the cognizance and thoroughly investigate the present matter to trace out the perpetrators behind this conspiracy in order to bring them to the book of justice. We further request you to initiate necessary legal action by registering the First Information Report against Ashish Mohan Gupta and Suchi Gupta [co-applicant) and unknown person(s) under section 120 (B) [Criminal Conspiracy), section 403 [Dishonest misappropriation of property], section 405 [Criminal breach of trust), section 464 [Making a false document), section 468 [Forgery for purpose of cheating], section 471 [Using as genuine a forged document or electronic record], section 419 [Punishment for cheating by personation), section 420 [Cheating and dishonestly inducing delivery of property] and other applicable section(s), if any. We ensure to extend the necessary support in the investigation of present matter and other connecting matters, if any. Thanking you in anticipation. Yours faithfully, For ICICI Bank Limited Autho sec Officer Chandigarh"*

4. After the registration of FIR, on 25.03.2025, petitioners and respondent No. 2-Bank arrived at a consensus to amicably settle the dispute. Consequently, Settlement Agreement dated 25.03.2025 was executed between the parties. As per the said Settlement Agreement, petitioners were required to pay Rs. 30 lakhs in the first instalment and

Rs. 20 lakhs in the second instalment. It was also specifically agreed between the parties that all pending cases filed against each other before the Courts of law would be withdrawn. The total settled amount of Rs. 50 lakhs was over and above the amount already paid by the petitioners to the bank, i.e., Rs. 79 lakhs, against the original loan amount of Rs. 50 lakhs.

5. On the basis of the aforesaid facts and circumstances, it is argued that once the entire settled amount has been paid and the bank has failed to honour its assurance regarding withdrawal of the cases, same amounts violation of the terms of the compromise. It is further contended that a purely civil dispute has been given a criminal colour by way of the impugned FIR. Had there been any intention or motive on the part of the petitioners to cheat the bank after availing the loan amount of Rs. 50 lakhs, they would not have paid a substantial amount of Rs. 79 lakhs prior to the settlement and an additional Rs. 50 lakhs pursuant to the One Time Settlement (OTS) arrived at between the parties. Accordingly, learned counsel seeks quashing of the FIR and all consequential proceedings arising therefrom.

5. On 02.12.2025, it was informed to the Court, and subsequently confirmed by learned counsel representing U.T. Chandigarh, that upon receipt of the entire settled amount, bank had already issued a No Objection Certificate (NOC), and loan account also stood closed, as intimated by the bank to the Investigating Officer vide letter dated 27.04.2026, which was placed on record in the present petition by learned counsel for the U.T.

However, despite the aforesaid developments, respondent/U.T. neither filed a cancellation report nor closed the investigation proceedings.

6. After taking into consideration all the aforesaid circumstances, following was recorded by this Court on 23.01.2026:

> *" Having gone through the previous orders, it appears that nothing is left in the case of the prosecution once the dispute has already been settled by the complainant bank for all times to come, after receiving of the amount which was due to be paid by the accused to it.*
>
> *Continuation of the proceedings without the support of the complainant bank or the witnesses who are to represent the bank, probably, would not serve any meaningful purpose to any of the parties to the present case.*
>
> *In such a situation, where the interest of the complainant/victim bank has already been duly compensated by the accused, though later in time, the prosecution department is supposed to have some policy whether in such like cases they should continue with the prosecution or withdraw it, because chances of success for prosecution agency would be very bleak.*
>
> *Let clear instructions in this regard i.e. from the Director,Prosecution or any other concerned authority for the said subject, be received by the learned counsel for the respondent State.*
>
> *List again on 20.05.2026.*
>
> *To be shown in urgent list."*

7. Today, Court has been informed that the case is presently at the stage of investigation and that the role of the prosecution arises only after filing of the charge-sheet before the competent Court. It has further been submitted that, at the stage of investigation, prosecution has minimal scope for interference in taking such decisions.

8. In the facts and circumstances of the present case, reliance can be placed upon the judgment of the Hon'ble Supreme Court in ***' N.S. Gnaneshwaran etc. Vs. The Inspector of Police and another'***, reported as 2025 (3) RCR (Criminal)

> *"3 xxx*
>
> *3.1 xxx*
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> *3.2 xxx*
>
> *3.3 xxx*
>
> *3.4. Parallel to the criminal proceedings, the Bank initiated recovery proceedings in O.A. Nos. 186 of 2005 and 5 of 2006 before the Debt Recovery Tribunal, Chennai(DRT), which were later renumbered as T.A. Nos. 16 and 57 of 2007.*
>
> *3.5 The High Court, vide order dated 07.01.2023, allowed the petition under Section 482 CrC filed by accused no.7, who is the wife of appellant no.1, and quashed the FIR insofar as it pertained to her. The said order was assailed before this Court by way of Special Leave Petition, which came to be dismissed on 26.03.2021.*
>
> *3.6. In identical cases being C.C. Nos. 13 of 2006 and 151 of 2010, which were initiated by the Central Bureau of Investigation (CBI) against the appellants and other accused based on the same set of transactions, a settlement was arrived at between the*

principal accused and the Bank for an amount of Rs.52,79,000/-. Taking note of this compromise, the High Court proceeded to quash the proceedings against the accused on the ground of parity, and extended similar relief to the appellants herein vide order dated 26.09.2022.

3.7. Subsequently, the Bank floated a One Time Settlement (OTS) scheme, which was availed of by the main borrowers, namely accused nos. 4 and 5. Upon full repayment of the dues, the Bank recorded its satisfaction in the pending recovery proceedings, which were dismissed as settled vide order dated 15.12.2023. Thereafter, the Debt Recovery Certificates were recalled, and No Dues Certificates were issued to the borrowers.

3.8. In view of the settlement, the appellants moved the High Court under Section 482 CrPC seeking quashing of the criminal proceedings pending against them.

3.9. However, the High Court, vide the impugned order, dismissed the petitions on the ground that the stage of trial was advanced and held that the criminal proceedings could not be quashed merely on the basis of the OTS when a prima facie case was made out.

3.10. Aggrieved by the said decision, the appellants are before us in the present appeals.

4. We have heard the learned counsel appearing for the parties and carefully perused the material on record.

5. The learned counsel for the appellants submits that the dispute in question arises out of a commercial transaction which has since been amicably resolved through a One Time Settlement scheme extended by *the Bank. It is contended that the recovery proceedings initiated by the Bank have been fully settled, no dues remain, and the Bank has formally issued certificates recording its satisfaction. It is further urged that the appellants are similarly placed to other co-accused against whom proceedings have already been quashed, and that the continuation of proceedings in the present matter would amount to unfair treatment. Additionally, it is submitted that the offences under the Prevention of Corruption Act are not attracted in the case of the appellants, who are private individuals and not public servants.*

6, On the other hand, learned counsel for the respondents contends that the settlement of dues or compromise between the parties does not automatically warrant quashing of criminal proceedings when serious allegations involving fraud and criminal conspiracy are made out. It is submitted that the existence of a prima facie case is sufficient to warrant trial and that private settlements should not interfere with criminal prosecution, especially at an advanced stage.

7. Having considered the submissions of both sides and examined the record, we are of the view that no useful purpose would be served by continuing the criminal proceedings in the present matter. The dispute has, admittedly, culminated in a comprehensive One Time Settlement under which the Bank has received the entire outstanding amount. The recovery proceedings before the tribunal have been dismissed as settled, and no residual claim survives. The Bank has not raised any objection to the closure

> *of the matter and has issued formal acknowledgments of satisfaction.*
>
> *8. xxxx*
>
> *9. In our view, allowing the present criminal proceedings to continue would serve no meaningful purpose, particularly when the dispute between the parties has already been resolved through a full and final settlement. The settlement between the parties having taken place after the alleged commission of the offence, and there being no continuing public interest we see no justification for allowing the matter to proceed further."*

9. In the present case as well, proceedings had already been initiated before the Debt Recovery Tribunal, and on the very same issue, impugned FIR came to be registered against the petitioners. It is an admitted position on record that the dispute between the parties has already been amicably resolved and that the entire outstanding amount, along with interest, penalty, etc., stands fully paid. Pursuant thereto, bank issued No Objection Certificate and closed the loan account.

Placing reliance upon the facts and circumstances of the present case, as well as the observations and conclusions recorded in **N.S. Gnaneshwaran (supra),** this Court finds considerable similarity between the two cases, both on facts and in law. Chances of conviction in the present case appear to be extremely remote, particularly when the complainant-bank no longer has any subsisting grievance, as a substantial amount has already been paid by the petitioners in terms of the One Time Settlement (OTS). Therefore, no useful purpose would be served by permitting the continuation of the criminal proceedings or even the pending investigation. Consequently, present petition is allowed and FIR (supra), along with all consequential proceedings arising therefrom, is hereby quashed.

(SANJAY VASHISTH)
JUDGE

26.05.2026
Rashmi

Whether Speaking/Reasoned: **YES/NO**
Whether Reportable: **YES/NO**