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

+ CRL.M.C. 3973/2026
HABIBUR REHMAN

.....Petitioner

Through: Mr. Prince Bansal, Adv. alongwith
Petitioners in person

versus

THE STATE (NCT OF DELHI) & ANR.Respondent

Through: Mr. Hitesh Vali, APP with Mr.
Mohd. Navaed, Adv.
SI Avinash Kumar, PS Anand
Vihar

CORAM:

HON'BLE MR. JUSTICE PRATEEK JALAN

ORDER

% **19.05.2026**

1. The petitioner has filed the present petition under Section 528 of the Bharatiya Nagarik Suraksha Sanhita, 2023 ["BNSS"] (corresponding to Section 482 of the Code of Criminal Procedure, 1973 ["CrPC"]), seeking quashing of FIR No. 0117/2025 dated 12.03.2025, registered at Police Station Anand Vihar, District Shahdara, under Sections 406/420/120B of the Indian Penal Code, 1860 ["IPC"], alongwith all consequential proceedings arising therefrom, on the ground that the dispute between the parties has been amicably settled.

2. Issue notice. Mr. Hitesh Vali, learned Additional Public Prosecutor, accepts notice on behalf of the State. Respondent No. 2 is present in person and accepts notice. She further states that she does not



wish to seek any legal assistance.

3. The petitioner is present in Court and is identified by his learned counsel as well as the Investigating Officer. Respondent No. 2 is also present in Court and is identified by the Investigating Officer.

4. Two other persons have been named as accused in the subject FIR, being the daughter and son-in-law of the petitioner herein. They are present in Court and have been identified by the Investigating Officer. On the oral request of Mr. Prince Bansal, learned counsel for the petitioner, they have been impleaded as petitioner Nos. 2 and 3, respectively, in the present proceedings. An amended memo of parties to that effect has been handed over during the course of the day and is taken on record.

5. The petition is taken up for disposal with the consent of learned counsel for the parties.

6. The impugned FIR was lodged at the instance of respondent No. 2 in relation to M/s Lans Castle, a partnership firm constituted under a Partnership Deed dated 22.07.2011 between respondent No. 2 and petitioner No. 1 for running a hotel business. It is alleged that under a Supplemental Deed dated 25.05.2012 and a Mutual Agreement dated 21.10.2015, the land and hotel assets were brought into the common pool of partnership property and were jointly owned and operated by the petitioner No.1 and respondent No.2. The complainant alleges that in furtherance of a conspiracy, the accused persons unlawfully ousted her from the partnership and, in 2019, fraudulently obtained registration of the hotel trademark as a sole proprietorship in the name of petitioner No. 3 herein. It is further alleged that in 2020, a cash credit facility was obtained from the State Bank of India on the basis of misrepresentation,



followed by attempts to enhance the credit facility and wrongful dealing with the mortgage and title deeds, which ultimately resulted in closure of the hotel operations in 2020.

7. During the pendency of the present proceedings, the parties have amicably settled their disputes, as recorded in a Memorandum of Understanding dated 28.04.2026 [“MoU”]. Under the said settlement, it has been agreed that petitioner No. 1 shall pay a sum of Rs. 2,35,00,000/- to respondent No. 2 towards full and final settlement of all claims arising out of the dispute.

8. Respondent No. 2 confirms that she has received the entire settlement amount in terms of the MoU, and states that all disputes between her and the accused persons, i.e., the petitioners herein, stand fully and finally settled. She further submits that she has no surviving grievance against them and does not wish to pursue the present proceedings any further. Her statement to this effect has been recorded in Court today.

9. In light of the aforesaid, the parties seek quashing of the impugned FIR.

10. The Supreme Court has consistently held that, in appropriate cases, the High Courts, in exercise of their inherent powers under Section 482 of the Code of Criminal Procedure, 1973 (corresponding to Section 528 of the BNSS), may quash criminal proceedings even in respect of non-compoundable offences, where the parties have arrived at a genuine settlement, particularly when the continuation of such proceedings would not serve any larger public interest. Reference in this regard may be made



to the judgment in *Gian Singh v. State of Punjab and Anr.*¹, which held as follows:

“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-and-fast category can be prescribed.”²

Further, in *Narinder Singh and Ors. v. State of Punjab and Anr.*³, the Supreme Court has also laid down guidelines for High Courts while

¹ (2012) 10 SCC 303.

² Emphasis supplied.

³ (2014) 6 SCC 466.



accepting settlement deeds between parties and quashing the proceedings.

The relevant observations in the said decision read as under:

“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 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.”⁴

⁴ Emphasis supplied.



11. The present case essentially arises out of disputes pertaining to a long-standing commercial partnership concerning M/s Lans Castle. Although the FIR has been registered under Sections 406/420/120B IPC, the core of the controversy relates to *inter se* issues concerning management, proprietary rights, and financial dealings between the parties, which are predominantly contractual and civil in nature. Significantly, during the pendency of the proceedings, the parties have voluntarily resolved all disputes through a MoU, pursuant to which a monetary settlement has been arrived at in favour of respondent No. 2.

12. Respondent No. 2 has unequivocally acknowledged receipt of the entire settlement amount and has stated that she has no surviving grievance against the petitioners, with her statement to that effect having been recorded before this Court. In view of the disputes between the parties having been voluntarily and finally settled, the continuation of criminal proceedings would not serve any meaningful purpose, as the likelihood of conviction is remote. The dispute does not involve any element of heinous criminality, moral turpitude, or offences having grave or serious societal impact, and is essentially private and commercial in nature. In such circumstances, where the matter is predominantly *inter se* between the parties and does not implicate any overriding public interest, it would be appropriate for this Court to exercise its inherent jurisdiction under Section 528 of the BNSS to prevent abuse of the process of law and to secure the ends of justice.

13. In view of the aforesaid, the petition is allowed. Consequently, FIR No. 0117/2025 dated 12.03.2025, registered at Police Station Anand Vihar, District Shahdara, under Sections 406/420/120B of IPC, alongwith



all consequential proceedings arising therefrom, is hereby quashed.

14. The parties shall remain bound by the terms of the settlement.

15. The petition, alongwith pending applications, accordingly, stands disposed of.

PRATEEK JALAN, J

MAY 19, 2026

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