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

+ CRL.M.C. 8197/2025, CRL.M.A. 34238/2025, 37335/2025,
37339/2025 & 38040/2025

AXIS TRUSTEE SERVICES LIMITED

AND OTHERS

.....Petitioners

Through: Mr. Mehul Parti, Mr. Ashwan
Malhotra and Ms. Harshita Malik,
Advocates with petitioners in
person.

versus

STATE OF NCT OF DELHI AND ANOTHERRespondents

Through: Mr. Sanjay Lao, SC with SI Rishi
Kant.

Ms. Nupur Sharma, Mr. Manan
Popli, Ms. Aarushi Arora, Mr.
Mohit Kumar Bansal, Advocates
for complainant with complainant
in person.

CORAM:

HON'BLE MR. JUSTICE PRATEEK JALAN

ORDER

% **05.02.2026**

1. The present petition has been filed under Section 528 of the Bharatiya Nagarik Suraksha Sanhita, 2023 ["BNSS"] (corresponding to Section 482 of the Code of Criminal Procedure ["CrPC"]), seeking quashing of FIR No. 356/2025 dated 01.10.2025, registered at Police Station Safdarjung Enclave, Delhi, under Sections 318(4)/316(2)/3(5) of the Bharatiya Nyaya Sanhita, 2023 ["BNS"], and all proceedings emanating therefrom.

2. The petition was originally filed seeking quashing of the impugned



FIR on merits. During the pendency of proceedings, however, the petitioners and complainant [respondent No. 2 herein] have settled their disputes, and made a joint application under Section 528 of the BNSS [Crl.M.A. 37335/2025], seeking quashing of the impugned FIR on the ground of settlement.

3. Issue Notice. Mr. Sanjay Lao, learned Standing Counsel, accepts notice on behalf of the State. Notice is accepted by Mr. Manan Popli, learned counsel, on behalf of respondent No. 2.

4. The petitioners are present in Court, either in person or by video conference, and have been identified by their counsel as well as by the Investigating Officer [“IO”]. Respondent No. 2 is present in Court and has also been identified by his counsel as well as the IO.

5. The impugned FIR has been registered at the instance of the respondent No. 2, who is the Director of one M/S Zenta Healthcare Pvt. Ltd. [hereinafter, “Zenta”], against petitioners. Petitioner Nos. 2 and 3 are officials of petitioner No. 1.

6. The impugned FIR arises from a dispute concerning an e-auction on 01.05.2025 of an immovable property in Himachal Pradesh. It is alleged that Zenta placed a successful bid, and paid Rs.1.50 crore as Earnest Money Deposit and part consideration, but subsequently discovered undisclosed Sales Tax/VAT liabilities of about Rs. 4.63 crore on the property. Petitioner No. 1 however denied liability and forfeited the entire Rs. 1.50 crore, leading to registration of the impugned FIR.

7. During the pendency of the proceedings, the parties have resolved their disputes by way of a Settlement Agreement dated 10.12.2025 between the petitioners and Zenta through its authorised representative,



i.e. respondent No. 2. The settlement contemplates payment of Rs.1,50,50,000/- to respondent No. 2 by the petitioners. The said amount already stands deposited in Court, pursuant to order dated 18.11.2025.

8. Learned counsel for the parties submit that the settlement has been arrived at voluntarily, without any coercion, pressure, or undue influence, and that continuation of the criminal proceedings would serve no useful purpose.

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

10. The Supreme Court has clearly held that, in certain circumstances, the High Courts, in exercise of their powers under Section 528 of BNSS (corresponding to Section 482 of CrPC), can quash criminal proceedings, even with respect to non-compoundable offences, on the ground that there is a compromise between the accused and the complainant, especially when no overarching public interest is adversely affected.

11. The Supreme Court, in *Gian Singh v. State of Punjab & Anr.*¹ has 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,

¹ (2012) 10 SCC 303.



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.

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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 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.”²

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

² Emphasis supplied.

³ (2014) 6 SCC 466.



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

12. The offences alleged in the subject FIR arise out of a contractual and commercial transaction between the parties and are essentially private in nature. The dispute does not involve any element of public interest or heinous criminality. Applying the tests laid down by the Supreme Court, it may be observed that the respondent No. 2 has also categorically affirmed the voluntary nature of the settlement before the Court. In these circumstances, the criminal proceedings are unlikely to

⁴ Emphasis supplied.



result in conviction, and its continuation would be an empty formality, adding to the burden of the justice system and consuming public resources unnecessarily.

13. The settlement contemplates payment of Rs. 1,50,50,000/- to respondent No. 2, which already stands deposited before this Court. The settlement however does not specifically refer to the interest component. Mr. Mehul Parti, learned counsel for the petitioners, upon instructions, states that the amount may be released to respondent No. 2 alongwith accrued interest. In view thereof, the Registry is directed to release the amount deposited, alongwith accrued interest, to respondent No. 2.

14. Having regard to the above discussion, the petition is allowed. FIR No. 356/2025 dated 01.10.2025, registered at Police Station Safdarjung Enclave, Delhi, under Sections 318(4)/316(2)/3(5) of the BNS, and all proceedings emanating therefrom, are hereby quashed.

15. The petition, alongwith the pending application, is disposed of accordingly.

PRATEEK JALAN, J

FEBRUARY 5, 2026
SS/AD/