



2026:CGHC:9921-DB



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NAFR

HIGH COURT OF CHHATTISGARH AT BILASPUR

CRMP No. 593 of 2026

- 1- Shakambhari Ispat and Power Ltd., (Contractor and Purchaser of SMS-1 Scrap, as per charge-sheet) CIN U27109WB2001PLC093869 Registered Address Diamond Prestige, 41a, A.J.C. Bose Road, 8th Floor, Room No. 801, Kolkata (W.B.)
- 2 - Vaibhav Khandelwal S/o Shri Ramanand Khandelwal Aged About 30 Years R/o 250/a/1 Gt Road, Liluah, Howrah (W.B.)

... Petitioners

versus

- 1 - Central Bureau of Investigation Anti-Corruption Branch, Raipur (C.G.)
- 2 - Steel Authority of India (SAIL) Through Chief Vigilance Officer Ispat Bhawan, Lodi Road, New Delhi (Complainant)
- 3 - The Director Central Bureau Of Investigation, Plot No. 5-B, CGO Complex, Lodhi Road, New Delhi 110003

... Respondents

For Petitioners : Mr. Kshitij Sharma, Advocate

For Respondent - CBI : Mr. Vaibhav A. Goverdhan, Advocate

Hon'ble Shri Ramesh Sinha, Chief Justice
Hon'ble Shri Ravindra Kumar Agrawal, Judge

Order on Board

Per Ramesh Sinha, Chief Justice

26.02.2026

1. Heard Mr. Kshitij Sharma, learned counsel for the petitioners as well as Mr. Vaibhav A. Goverdhan, learned counsel appearing for respondent – CBI.
2. The present petition under Section 528 of Bhartiya Nagarik Suraksha Sanhita, 2023 (BNSS) has been filed by the petitioners



with following prayers :

“(i) to quash the FIR No. RC1242024A0003 registered with the Respondent No.1 on 28.06.2024 and the consequential Charge-sheet No. 07/2025, dated 27.06.2025 for the alleged offence Under Sections 120-B R/w 420 of IPC and 13 (1) (a) R/w 13 (2) of PC Act.

(ii) to quash the impugned order taking cognizance dated 11.07.2025 (on the basis of impugned charge-sheet), for the allege offence Under Sections 120-B R/W 420 of IPC and 13 (1) (a) R/w 13 (2) of PC Act.

(iii) in consequence to above, be further pleased to quash the consequential pending Special Case (C.B.I) No. 09/2025 pending before the Special Judge of Special Court for Trial of C.B.I Cases, Raipur (C.G.), for the aforesaid offence, as against the Petitioners since the same is nothing but an abuse of the process of law.”

3. Brief facts of the case are that Bhilai Steel Plant, a unit of Steel Authority of India Limited, Bhilai (C.G.), floated a Notice Inviting Tender (NIT) dated 02.11.2022 bearing Tender No. M&BP/2022-2023/IA/OpenTender/SMS#1/10160227 for the sale and dismantling of the surveyed-off scrap of Steel Melting Shop–1 (SMS-1) at Bhilai Steel Plant as a single lot on an “As is where is” and “No complaint basis.” The general scope of work provided that the bidder would be responsible, on a turnkey basis, for complete dismantling and disposal of SMS-1 along with all associated facilities up to the +10.00 meter level, including stacking, cutting into pieces, loading, and transportation of dismantled materials such as steel structures, concrete structures, brick masonry, refractory materials, mechanical and electrical equipment, pipes, etc., to the bidder’s own premises. The ±0.00



level corresponded to the existing ground level at the SMS-1 area.

4. The bid of Petitioner No. 2 was accepted and it was declared the H-1 bidder. Subsequently, a Sale Offer bearing No. 40074420 dated 16.03.2023 was issued by Bhilai Steel Plant (a unit of SAIL), Bhilai (C.G.), in favour of Petitioner No. 2. As per the Sale Offer, the total amount payable was Rs. 3,56,73,86,466/- (Rupees Three Hundred Fifty-Six Crores Seventy-Three Lakhs Eighty-Six Thousand Four Hundred Sixty-Six Only), including a Security Deposit of Rs. 14,35,00,000/- (Rupees Fourteen Crores Thirty-Five Lakhs Only), to be remitted before 15.04.2023. The Sale Offer was valid up to 16.03.2025.
5. During dismantling and disposal of the closed Steel Melting Shop-I (SMS-1) at Bhilai Steel Plant, where M/s Shakambhari Ispat & Power Ltd. had been awarded the sale order, certain serious irregularities and instances of theft were detected. Vigilance inspections conducted by SAIL in August 2023 revealed unauthorized presence and removal of slabs, blooms, ferro-alloys, ingots, mould bogies, pipelines, and cables—items not covered under the contract—indicating possible collusion between the contractor and concerned plant officials. This allegedly caused an estimated loss of over Rs. 3.3 crores, with an attempted further theft of about Rs. 50 lakhs, pointing toward a larger conspiracy. As the acts involved unaccounted removal of plant assets, breach of contractual terms, and potential criminal misconduct requiring examination of officials, contractors, transporters, and relevant



records, the Chairman of SAIL approved referral of the case to Central Bureau of Investigation (CBI) under Clause 5.3(a) of the CVC Vigilance Manual, 2021 for comprehensive investigation. Pursuant thereto, a complaint dated 21.11.2023 was lodged with the CBI by Shri S. Karuna Raju, IAS, Chief Vigilance Officer, SAIL, and, on the basis of the said complaint, the impugned FIR bearing No. RC1242024A0003 was registered on 28.06.2024 at CBI/ACB Raipur (C.G.).

6. During investigation, it was alleged that the petitioners misappropriated public assets worth Rs. 21.2 lakhs by violating contractual provisions, thereby committing criminal misconduct and causing wrongful loss of Rs. 21.2 lakhs to the exchequer, i.e., Bhilai Steel Plant, a unit of SAIL. Consequently, the impugned charge-sheet bearing No. 07/2025 was filed by CBI/ACB, Raipur (Chhattisgarh) on 27.06.2025 for offences under Sections 120-B read with 420 of the IPC and Section 13(1)(a) read with Section 13(2) of the Prevention of Corruption Act.
7. Pursuant to the aforesaid charge-sheet, the learned Trial Court took cognizance of the matter vide order dated 11.07.2025, and the case is presently pending before the Special Judge, Special Court for Trial of CBI Cases, in Special Case (C.B.I.) No. 09/2025. Hence, the present petition has been filed with the aforementioned prayers.
8. Learned counsel for the petitioners submits that the impugned FIR and the consequential charge-sheet, even if taken in their entirety



and accepted at face value, do not disclose the commission of any offence against the petitioners. It is contended that the entire genesis of the prosecution arises out of interpretation of the tender conditions and scope of work under the NIT dated 02.11.2022 issued by Bhilai Steel Plant, a unit of Steel Authority of India Limited, which is purely civil and contractual in nature and already subject to arbitration proceedings. The essential ingredients of offences under Sections 420 and 120-B IPC are conspicuously absent, as there was no dishonest or fraudulent intention at the inception of the transaction. The petitioners acted strictly in terms of written communications, approvals, and confirmations issued by competent authorities of BSP, including senior officials of SMS-1 and MRD, and the lifting of materials was undertaken under official supervision and verification, including by CISF personnel. Even as per the charge-sheet, the allegation is limited to an alleged misappropriation of Rs. 21.2 lakhs by purported violation of contractual provisions, which, at best, gives rise to a contractual dispute and does not satisfy the statutory ingredients of cheating or criminal conspiracy

9. It is further submitted that the total contract value was approximately Rs. 356,73,86,466/-, and the alleged amount of Rs. 21.2 lakhs is minuscule in comparison, rendering the accusation inherently improbable and trivial. The petitioners have, in fact, suffered substantial financial loss due to withholding of a part of the security deposit, the interest component of which exceeds the



alleged misappropriation amount. The dispute stems from internal miscommunication and interpretational differences within BSP and has been artificially given a criminal colour to mask what is essentially an administrative and contractual issue. Notably, BSP itself, after registration of the FIR, issued an email dated 06.05.2025 invoking arbitration, thereby acknowledging the civil nature of the dispute. It is also submitted that the initial proceedings were primarily directed against one accused, who has since expired and against whom prosecution stands abated, causing serious prejudice to the present petitioners. The FIR contains only bald and omnibus allegations without specific attribution of deceitful conduct, and therefore, the case squarely falls within the parameters laid down by the Hon'ble Supreme Court in State of Haryana v. Bhajan Lal for quashing of criminal proceedings, being an abuse of the process of law.

10. On the other hand, learned counsel, appearing for respondent – CBI opposed the aforesaid submission and submitted that the present petition is wholly misconceived and deserves to be dismissed, as the impugned FIR and the charge-sheet disclose the commission of cognizable offences based on material collected during a detailed investigation. It is contended that the allegations are not confined merely to interpretation of contractual terms under the NIT issued by Bhilai Steel Plant, a unit of Steel Authority of India Limited, but pertain to deliberate and unauthorized removal of valuable plant assets in violation of



contractual provisions, causing wrongful loss to a public sector undertaking. The investigation has revealed that the petitioners, in conspiracy with others, misrepresented facts and dishonestly removed materials not covered under the contract, thereby attracting the ingredients of offences under Sections 120-B and 420 IPC, as well as relevant provisions of the Prevention of Corruption Act. The plea that the dispute is civil in nature or that arbitration proceedings are pending does not bar criminal prosecution when the allegations disclose elements of deception, conspiracy, and wrongful gain.

11. It is further submitted that at the stage of consideration of a petition for quashing, this Hon'ble Court is required only to examine whether a *prima facie* case is made out on the basis of the FIR and charge-sheet, and not to conduct a meticulous appreciation of evidence or adjudicate disputed questions of fact. The investigation has been conducted in accordance with law, statements of witnesses have been recorded, documents have been seized and analyzed, and upon satisfaction that sufficient material exists, the charge-sheet has been filed before the competent Special Court, which has already taken cognizance. The defence sought to be raised by the petitioners regarding alleged permissions, quantum of loss, or comparative value of the contract are matters to be tested during trial. The magnitude of the contract value is irrelevant when public property is dishonestly misappropriated, even to a lesser extent. Therefore, as the



allegations and material on record clearly disclose the ingredients of the offences alleged, the present petition seeking quashing of FIR and charge-sheet is devoid of merit and liable to be dismissed.

12. We have heard learned counsel for the petitioners and learned counsel appearing for the respondent—Central Bureau of Investigation at length. Perused the impugned FIR, the charge-sheet, and the material placed on record.
13. The principal contention of the petitioners is that the dispute arises out of interpretation of contractual terms under the NIT issued by Bhilai Steel Plant, a unit of Steel Authority of India Limited, and is therefore civil in nature; that arbitration proceedings have been invoked; and that the essential ingredients of the offences under Sections 120-B and 420 IPC and Section 13 of the Prevention of Corruption Act are not made out. It is further urged that the alleged loss is minimal in comparison to the total contract value and that the proceedings are an abuse of process.
14. Upon careful consideration, this Court finds that the allegations in the FIR and the material collected during investigation, as reflected in the charge-sheet, prima facie disclose commission of cognizable offences. The accusation is not confined to a mere contractual dispute or interpretational variance, but pertains to alleged unauthorized removal and misappropriation of plant assets beyond the scope of the contract, causing wrongful loss to a public sector undertaking. Whether such acts were done with



dishonest intention, pursuant to valid authorization, or in conspiracy with others are matters requiring evidence and adjudication at trial. At this stage, this Court cannot undertake a meticulous examination of the defence put forth by the petitioners or evaluate the sufficiency of evidence.

15. It is well settled that the inherent jurisdiction to quash criminal proceedings is to be exercised sparingly and only where the allegations, even if accepted in their entirety, do not disclose any offence or where the proceedings are manifestly attended with mala fides. In the present case, the averments in the FIR and the supporting material in the charge-sheet clearly spell out the necessary ingredients of the offences alleged. The pendency of arbitration or existence of civil remedies does not bar criminal prosecution when the allegations disclose elements of deception, conspiracy, and misappropriation of public property.
16. In view of the foregoing analysis, this Court is of the considered opinion that no case for interference is made out. The petition is accordingly **dismissed**. The petitioners are at liberty to raise all permissible defences before the learned Trial Court at the appropriate stage, in accordance with law.

Sd/-
(Ravindra Kumar Agrawal)
Judge

Sd/-
(Ramesh Sinha)
Chief Justice