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

+ CRL.M.C. 5115/2025

SOURABH KUMAR GUPTA

.....Petitioner

Through: Mr Ashish Kumar Bhagat, Ms.
Princy Chaudhary, Advs

versus

STATE GOVT OF NCT OF DELHI & ANR.

.....Respondent

Through: Mr. Yudhvir Singh Chauhan, APP
with Mr. Narendra Kumar,
Advocate.
SI Pramod, PS Kotla
Mr. Akash Singh, Adv for R-2 & 3
in Person.

CORAM:

HON'BLE MR. JUSTICE PRATEEK JALAN

ORDER

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24.07.2026

1. By way of 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"]), the petitioner seeks quashing of FIR No. 270/2016, dated 02.04.2016, registered under Sections 406/420/34 of the Indian Penal Code, 1860, at Police Station K.M. Pur, District South, Delhi, along with all consequential proceedings arising therefrom, on the ground that the disputes between the parties have been amicably settled.

2. Issue notice. Mr. Yudhvir Singh Chauhan, learned Additional



Public Prosecutor, accepts notice on behalf of the State. Mr. Akash Singh, learned counsel, accepts notice on behalf of respondent Nos. 2 and 3.

3. The petitioner is present in Court and has been identified by his learned counsel as well as the Investigating Officer. Respondent Nos. 2 and 3 are also present in Court and have been identified by their learned counsel as well as the Investigating Officer.

4. The allegations as per the FIR are that petitioner, who was a relative of the complainants, induced them to invest in a business venture by assuring them of substantial returns. Pursuant to this, S.M. Brass House Limited was incorporated in January 2014, with respondent No. 3 being appointed as a Director. It is alleged that, after gaining the complainants' confidence, petitioner was made the sole authorised signatory to the company's bank accounts and, in conspiracy with the other accused persons, dishonestly siphoned off the company's funds by generating forged and fictitious purchase invoices in the names of firms owned or controlled by himself, his relatives and associates, despite no goods having actually been supplied. It is further alleged that payments were released against such fictitious bills. The FIR also alleges that petitioner misused company cheques, manipulated the company's accounts, and fabricated documents to conceal the misappropriation.

5. I am informed by the learned counsel for the parties, that due to certain misunderstandings that arose during the course of business, the parties filed police complaints against each other, however chargesheet has not been filed in the matter.

6. The parties have since settled their disputes amicably under the aegis of the Mediation Centre, Saket Courts, New Delhi, as recorded in a



Memorandum of Settlement dated 24.10.2019. The settlement records that respondent Nos. 2 and 3, and another person, namely Yogesh Ahuja, will pay a sum of Rs. 37,00,000/- to the petitioner towards full and final settlement of all claims.

7. The petitioner affirms before the Court that he has received the entire amount as contemplated in the settlement. Learned counsel for the parties also confirm that the settlement has been entered into voluntarily and without any coercion or undue pressure.

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

9. The Supreme Court has clearly held that, in certain circumstances, the High Courts, in exercise of their powers under Section 482 of the CrPC [corresponding to Section 528 of the BNSS], 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. Reference in this connection can 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

¹ (2012) 10 SCC 303.



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 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

² Emphasis supplied.

³ (2014) 6 SCC 466.



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

10. The present case emanates from a commercial transaction relating to certain investments amongst family members, which has since been resolved amicably between the parties upon payment of an agreed monetary consideration. Although the FIR invokes offences under Sections 420/406/34 of the IPC, the dispute, in substance, bears a predominantly civil and financial character, without any discernible element of public interest or grave criminality. Further, respondent No. 2 has unequivocally affirmed the receipt of the entire settlement amount and the voluntary nature of the compromise. In these circumstances, the

⁴ Emphasis supplied.



continuation of the criminal proceedings would serve no useful purpose and is unlikely to result in a conviction, while unnecessarily burdening the criminal justice system and consuming valuable public resources.

11. Having regard to the above discussion, the petition is allowed, and FIR No. 270/2016, dated 02.04.2016, registered under Sections 406/420/34 of IPC, at Police Station K.M. Pur, District South, Delhi, alongwith all consequential proceedings arising therefrom, is hereby quashed.

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

13. The petition, accordingly, stands disposed of.

PRATEEK JALAN, J

JULY 24, 2026/‘pv’/AN/