

2025 LiveLaw (SC) 1001

**IN THE SUPREME COURT OF INDIA
CRIMINAL APPELLATE JURISDICTION
SURYA KANT; J., JOYMALYA BAGCHI; J.**

OCTOBER 09, 2025

CRIMINAL APPEAL No. 4390OF 2025 (Arising out of SLP(Crl.) No. 3443 of 2025)

CENTRAL BUREAU OF INVESTIGATION *versus* M/S NARAYAN NIRYAT INDIA PVT. LTD & ORS.

Quashing of Proceedings – FIR and Chargesheet – CBI Investigation – Consent under Section 6 - Delhi Special Police Establishment (DSPE) Act, 1946 - Requirement of State Government's Consent - Held, Lack of consent from the State Government under Section 6 of the DSPE Act, 1946, for a CBI investigation ought to be raised soon after the registration of the FIR - Once the investigation is complete, a chargesheet has been filed, and the court of competent jurisdiction has taken cognizance of the chargesheet, the plea regarding the lack of consent cannot be raised to vitiate the validity of the order taking cognizance - This general rule is subject to exceptions: (i) when raising the plea causes severe miscarriage of justice; or (ii) where proceedings for quashing the FIR were initiated, and the chargesheet was filed during the pendency of the quashing proceedings - Appeal allowed. [Paras 10-12]

[Arising out of impugned final judgment and order dated 08-08-2024 in MCRC No.30530/2024 passed by the High Court of Madhya Pradesh at Indore]

For Petitioner(s) Mr. Suryaprakash V Raju, A.S.G. Mr. Mukesh Kumar Maroria, AOR Mr. Zoheb Hussain, Adv. Mr. Annam Venkatesh, Adv. Mr. Hitarth Raja, Adv. Mr. Shaurya Sarin, Adv. Mr. Adibi Andley, Adv. Mr. Samrat Goswami, Adv. Mr. Aryansh Shukla, Adv. Mr. Agrima Singh, Adv. Mr. Satyarth Singh, Adv. Mr. Tejaswani Upadhyay, Adv. Mr. Pranjal Tripathi, Adv. Ms. Kanu Agarwal, Adv.

For Respondent(s) Mr. Sidharth Luthra, Sr.Adv. Mr. Rohit Pandey, Adv. Ms. Sadhana Sandhu, AOR Mr. Adhyayan Gupta, Adv. Ms. Ashtha Srivastav, Adv. Ms. Urja Pandey, Adv. Mr. Mihir Joshi, Adv. Ms. Shraddha Tiwari, Adv.

ORDER

1. Leave granted.
2. Heard Mr. Suryaprakash V Raju, learned Additional Solicitor General, appearing on behalf of the appellant – Central Bureau of Investigation (CBI), as well as Mr. Sidharth Luthra, learned Senior Counsel, appearing on behalf of the respondents and carefully perused the material placed on record.
3. The first respondent – a Company, incorporated under the Companies Act, was granted a credit limit of Rs.10.50 crores by the UCO Bank, which was increased from time to time. The credit limit was later extended to Rs.37 crores by the UCO Bank. The Punjab National Bank and the Corporation Bank also extended such facilities to the extent of Rs.33.5 crores and Rs.40 crores, respectively. These banks, thereafter, formed a consortium and sanctioned an aggregate limit of Rs.110.5 crores to respondent No.1 – Company.
4. The Company's account was declared NPA by all the consortium banks on 31.03.2013. The recovery proceedings before the Debt Recovery Tribunal were initiated thereafter.
5. It seems that after a Joint Lenders Meeting was held on 23.03.2017, where the compromise proposal, given by respondent No.1 – Company, was found to be unacceptable. Consequently, the banks proposed to file a criminal complaint. Thereafter,

some One Time Settlement (OTS) also was proposed, but it seems that the same was not honoured by respondent No.1 – Company.

6. The complaints made by the banks eventually led to the registration of FIR No.RC2222020A0002/2020 on 05.11.2020, under Sections 420 read with 120-B of IPC and Section 13(2) read with 13(1)(d) of the Prevention of Corruption Act, 1988 against respondent Nos. 1 and 3.

7. The CBI, after investigation, filed a chargesheet as well as one supplementary chargesheet before the Special Magistrate, CBI, Indore, under Sections 120B, 406, 420 and 471 IPC. The charges under the Prevention of Corruption Act were dropped as no bank official or any other public servant could be prosecuted for want of requisite sanction, etc.

8. While the CBI Court had already taken cognizance of the chargesheet, respondent No.1 approached the High Court of Madhya Pradesh at Indore on 16.07.2024 by way of a petition under Section 528 of the Bharatiya Nagarik Suraksha Sanhita, 2023 for quashing of the above-mentioned FIR dated 05.11.2020, along with the consequential chargesheet and the proceedings pending in form of ST No. 16/2023 before XXVII ASJ, Indore.

9. The High Court, vide the impugned judgment dated 08.08.2024, allowed the above-stated petition and has quashed the entire proceedings, *inter alia*, on the grounds that: (i) The initiation of investigation and the subsequent proceedings are vitiated for want of consent of the State of Madhya Pradesh under Section 6 of the Delhi Special Police Establishment Act, 1946; and (ii) Even on merits, no case to prosecute respondent Nos.1 to 3 was made out as the allegations are inherently improbable, especially when no loss has been caused to the banks.

10. In our considered opinion, both the reasons given by the High Court are misconceived and misdirected. We say so for the reasons that lack of consent under Section 6 of the Delhi Special Police Establishment Act, 1946 ought to have been raised soon after registration of FIR. Once the investigation is complete, chargesheet has been filed and the court of competent jurisdiction has taken cognizance, no such plea can be raised to vitiate the validity of an order taking cognizance of the chargesheet, save and except when it causes severe miscarriage of justice; or where proceedings for quashing of the FIR have been initiated and a chargesheet has been filed during pendency of the quashing proceedings. In such a case, the aggrieved person may have some justification in contending that the filing of a chargesheet during the pendency of the quashing proceedings will not prejudice his right.

11. Adverting to the findings on merits returned by the High Court on the merits of the allegations, it seems to us that the High Court exceeded its jurisdiction while assuming the role of a Trial Court. There are debatable issues which ought to have been left to the wisdom of the Trial Court.

12. For the reasons aforesaid, the impugned judgment passed by the High Court cannot be sustained on both counts. The same is accordingly set aside. Learned XXVII ASJ, Indore, before whom ST No.16/2023 is pending, is directed to proceed with the matter in accordance with the law.

13. It goes without saying that if in the ongoing proceedings, the Trial Court finds that a *prima facie* case to prosecute the bank officials, under the provisions of the Prevention of Corruption Act, 1988, or any other provision of penal law is made out, there shall be no impediment for the Trial Court to summon such bank officials also to face the trial.

14. It is, however, clarified that we have not gone into the merits of the allegations.
15. The respondents are directed to appear before the Trial Court on 28.10.2025 and furnish bail bonds to the satisfaction of the Trial Court. In that event, the orders dated 21.03.2025 and 05.05.2025, passed by this Court attaching the personal and family assets of the Managing Director and Director of the respondent Company, shall stand vacated.
16. The appeal stands allowed to the extent indicated above.

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