

2025 LiveLaw (SC) 1139

IN THE SUPREME COURT OF INDIA
CRIMINAL ORIGINAL JURISDICTION
J.K. MAHESHWARI; J., VIJAY BISHNOI; J.
November 19, 2025

WRIT PETITION (CRIMINAL) NO. 37 OF 2020
HEMANT S. HATHI *versus* CENTRAL BUREAU OF INVESTIGATION & ORS.

WRIT PETITION (CRIMINAL) NO. 48 OF 2020
CHETAN JAYANTILAL *versus* CENTRAL BUREAU OF INVESTIGATION & ORS.

Quashing of Criminal and Civil Proceedings upon Full and Final Settlement with Lender Banks – Peculiar Facts of the Case – OTS Amount Higher than FIR Allegation – Issue - Whether the Supreme Court should exercise its discretion to quash multiple criminal and civil proceedings arising from alleged loan defalcation and money laundering, in a scenario where the petitioners have agreed to deposit a substantial sum towards full and final settlement with the lender banks and investigating agencies - The Supreme Court allowed the Writ Petitions and quashed all criminal and civil proceedings against the petitioners, subject to the deposit of Rs. 5100 crores as a full and final settlement with the lender banks and investigating agencies on or before December 17, 2025 - This order was based on a consensus reached, where the petitioners agreed to deposit the amount demanded by the investigating agencies to put a quietus to the entire litigation - Held that if public money, settled in the One Time Settlement (OTS), was returned to the banks, the continuation of criminal proceedings would not serve any useful purpose - Held that the petitioners voluntarily agreed to deposit the full amount demanded to settle the matter and protect public money, the discretion to quash all related proceedings (CBI, ED, PMLA, Fugitive Act, SFIO, Black Money, and Income Tax) was deemed deserving of exercise - Held that the directions issued are strictly in the peculiar facts of this case and shall not be treated as precedent.

For Petitioner(s): Mr. Mukul Rohatgi, Sr. Adv. Mr. Hemant Shah, Adv. Mr. Apoorva Agarwal, Adv. Mr. Sanjay Aabot, Adv. Ms. Devanshi Singh, Adv. Mr. Vishal Mann, Adv. Ms. Shambhavi Singh, Adv. Mr. Nikilesh Ramachandran, AOR Mr. Vikram Chaudhri, Sr. Adv. Mr. Hemant Shah, Adv. Mr. Rishi Sehgal, Adv. Mr. Keshavam Chaudhri, Adv. Ms. Hargun Sandhu, Adv. Ms. Nikita Gill, Adv. Ms. Muskaan Khurana, Adv. Mr. Avadh Bihari Kaushik, AOR

For Respondent(s): Mr. Suryaprakash V Raju, A.S.G. Mr. Mukesh Kumar Maroria, AOR Mr. Rajan Kumar Chourasia, Adv. Mr. Kanu Agarwal, Adv. Mr. Annam Venkatesh, Adv. Mr. Zoheb Hussain, Adv. Mr. Samrat Goswami, Adv. Mr. Arvind Kumar Sharma, AOR Ms. Malvika Kapila, AOR Mr. Shreeyash Uday Lalit, Adv. Mr. Ishaan George, AOR Mr. Atmaram NS Nadkarni, Sr. Adv. Ms. Anuradha Dutt, Adv. Mr. Haaris Fazili, Adv. Mr. Kunal Dutt, Adv. Mr. Saurabh Singh, Adv. Mr. Yash Mittal, Adv. Ms. Prachi Pandey, Adv. Mr. Avinash Singh, Adv. Ms. Deepti Arya, Adv. Ms. B. Vijayalakshmi Menon, AOR

ORDER

1. The present writ petitions have been filed *inter-alia* with the amended prayers as sought through IA No. 148951/2021 filed in Writ Petition (Criminal) No. 48 of 2020, essentially, seeking the following reliefs –

1. *To set-aside/quash the FIRs and further criminal proceedings arising therefrom, and to quash consequential proceedings in its entirety arising from the following:*

i) *FIR RC 8(A)/AC-III/2017 dated 30.08.2017 registered by CBI, AC-III, New Delhi under Sections 13(2) read with Section 13(1)(d) of the Prevention of Corruption Act;*

- ii) *FIR RC/BD1/2017/E/0007 dated 25.10.2017 registered by CBI BS & FC, New Delhi under Section 13(2) read with Section 13(1)(d) of the Prevention of Corruption Act; Section 120-B read with Sections 420/467/468/471 of the Indian Penal Code, 1860;*
- iii) *Charge sheets filed by CBI in aforementioned cases, i.e., FIR RC 8(A)/ACIII/2017 dated 30.8.2017 registered by CBI BS & FC;*
- iv) *ECIR/HQRS/15/2017 dated 30.08.2017 registered for offences under Section 3 of Prevention of Money Laundering Act by HIU Zone;*
- v) *ECIR/HIU/17/2017 dated 27.10.2017;*
- vi) *Prosecution complaints arising from ECIR/HIU/17/2017 namely Prosecution Complaint dated 22.12.2017 and all supplementary prosecution complaints therefrom;*
- vii) *Proceedings related to all attachments, seizures and freezing from ECIR/HIU/17/2017;*
- viii) *Fugitive proceedings under Fugitive Economic Offenders Act, 2018, culminating into order dated 28.09.2020 passed by the Special Judge PMLA, Patiala House Courts (Additional Sessions Judge-02, New Delhi District, Patiala House Courts, New Delhi);*
- ix) *Proceedings under the Companies Act, 2013, for an offence under Section 447 of the Companies Act, 2013 by the Serious Fraud Investigation Office (SFIO) including the Prosecution Complaint, Special Case No. 517/2022 in File No. SFIO/INV/UNIT-II/812/SBL/2018 filed by Serious Fraud Investigation Officer, before the concerned Court of Sessions (Special Company Cases) at Mumbai;*
- x) *Proceedings arising from Prosecution Complaints bearing number SW/3800070/2021, SW/3800071, SW/3800072/2021 and SW/3800073/2021 under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 filed against the Petitioners by the Income Tax Department pending before the Court of Additional Metropolitan Magistrate, 38th Court at Ballard Pier, Mumbai.*

2. At the stage of entertaining the writ petitions, this Court passed the order on 07.02.2020 which is reproduced as thus –

“Learned senior counsel for the petitioner states that banks are willing to close the issue and he has obtained OTS from about fifteen out of twenty banks. It is his submission that if notice is issued to the respondents, he can resolve the issue with the banks and in the meantime would pay further substantive amounts to the banks. It is his further submission that sword hanging of the criminal prosecution is creating some difficulty.

Issue notice on the writ petitions as well as on the applications for stay, returnable in three weeks.”

3. On subsequent dates, the respondents were granted time to file the counter affidavit. Thereafter, as per order dated 10.08.2020, learned Solicitor General was requested to appear in the case and on 18.11.2021, this Court observed as under:

“Applications for exemption from filing original affidavit, exemption from filing original affidavit in support of the rejoinder affidavit and permission to file/place on record additional documents/grounds are allowed.

In view of the averment made in the application(s), what is being pleaded is that since the total amount stated to be due from the petitioner is little over rupees 1500 odd Crore out of which Rupees 600 crore is alleged to have been repaid to the banks and the outstanding is little more than rupees 900 crore, the petitioner is willing to pay the amount within the period of three months. That could possibly bring all the disputes to an end.

Learned ASG would like to obtain instructions in the said context of facts and figures.

List on 16.12.2021.

Next proceedings are stated to be on 30.11.2021 before the trial Court. In view of these subsequent developments, those proceedings may be deferred to a date beyond the next date before this Court.”

4. On 18.01.2022, the interim protection was extended in the manner as specified in the order which is reproduced as under–

“Learned counsel for the respondent states that Mr. S.V. Raju, learned ASG has developed Covid who would be appearing in the matter and seeks deferment by two weeks.

On our query that when the petitioners are willing to pay the amount, why should there be delay, learned counsel submits that the matter has been finalized and an affidavit will be filed within a week.

In view of the fact that the entire amount in respect of which charge sheet has been filed has been volunteered to be paid by the petitioners, we really see no reason why the money should not be received but then the excuse given today is such that we don't want to say anything more, except that all proceedings must remain in abeyance till we consider the matter.

List on 01.02.2022.”

5. Subsequently, on 01.02.2022, this Court proceeded to observe and direct as under–

“In view of the counter affidavit filed, learned counsel for the petitioner seeks time to file rejoinder.

We have put to the learned ASG that if the petitioner is willing to bring in Rs. 900 odd crores, he may obtain instructions as to what concessions the State is willing to show in respect of the charge-sheet in question, making it clear that other civil proceedings in any case will be determined on their own merit.

List on 8.03.2022.

Interim order dated 18.1.2022 to continue.”

6. As such, the interim orders passed were continued and on 20.05.2022 the scope of the interim protection was extended directing that all proceedings arising from the predicate offence qua all investigating agencies be kept in abeyance and interim order dated 18.01.2022 be continued in furtherance to the subsequent orders.

7. Thereafter, on 05.09.2022, the petitioner sought time to make a statement about bringing in the balance amount forming subject matter of the charge-sheet and to be paid in the Court. The matter proceeded thereon and thereafter on 04.03.2024, the Court observed as under -

“I.A. No. 50216/2024 in W.P. (Crl.) No. 48/2020

Learned Senior Advocate appearing for the applicants/petitioners states, on instructions, that about USD 50 million (Rs.415 crores, approximately) have been transferred to the Bank recovery account. Another amount of USD 50 million (Rs.415 crores, approximately) will be transferred to the bank recovery account, during the course of the next three days.

It is also stated at the Bar on behalf of the applicants/petitioners that another payment of USD 100 million will be made within a period of eight weeks from today.

Re-list in the week commencing 06.05.2024.

The applicants/petitioners will furnish details/particulars of the payment made to the learned counsel for the respondents.

The date of hearing already fixed vide order dated 13.02.2024, is cancelled.”

8. Later, directions were issued for furnishing the details of the payment and the matter was proceeded further. On the last date, i.e., 18.11.2025 when the parties were heard, the following detailed order was passed –

- “1) After hearing Mr. Mukul Rohatgi, learned senior counsel appearing on behalf of the petitioner, and Mr. Tushar Mehta, learned Solicitor General, representing the Investigating Agencies, along with Mr. S. V. Raju, learned Additional Solicitor General, we find that the amount as alleged in the FIR was Rs. 5383 crores.
- 2) As per the record, the One Time Settlement (OTS) for the Indian Companies of petitioner was for a sum of Rs. 3826 crores and for foreign companies being guarantor was of Rs. 2935 crores totaling to Rs. 6761 crores. The deposit which was made was of Rs. 614 crores being 10% at the time of OTS and Rs. 2893.63 crores, on various heads including the orders of the Court comes to a total of Rs. 3507.63 crores. However, from the OTS amount if we reduce the deposits, the remaining dues comes to Rs. 3253.37 crores.
- 3) It is informed that the Bank applied before NCLT invoking the provisions of IBC against the petitioner against Indian companies. The OTS amount for M/s. Sterling Biotech Limited (SBL) was for a sum of Rs. 2109 crores. Liquidating the company, the recovery was of Rs. 638 crores by the Bank. For Sterling SEZ Limited (SSEZ), the OTS amount was Rs. 759.04 crores. In the liquidation before NCLT, the recovery was of Rs. 324 crores. For PMT Machines Limited (PMT), the OTS amount was Rs. 70.18 crores. In liquidation by NCLT, Mumbai, the amount recovered by Bank was Rs. 230 crores. From the above, the total recovery made by the Bank in IBC proceedings comes to Rs. 1192 crores. If we deduct the said amount from the remaining due (67613507.63), then the amount comes to Rs. 3253.37 crores. If we deduct Rs. 1192 crores from Rs. 3253.37 crores, then the remaining comes to Rs. 2061.37.
- 4) Mr. Mukul Rohatgi, learned senior counsel appearing on behalf of the petitioner submits that for the company Sterling Port Limited (SPL), the OTS amount was Rs. 134.7 crores but it has become defunct. For Sterling Oil Resources Limited (SORL) in which OTS was of Rs. 185 crores, the CIRP proceeding before NCLT Mumbai is ongoing. In view of the said factual averments, it is urged by him that after OTS, the payments as stated above was made but the Bank proceeded before NCLT under the IBC; however, recovery as made in those proceedings cannot be recovered from him. In alternative, it is urged that to get rid of the alleged FIR, the petitioner wishes to settle all disputes and is ready to comply with the direction, if any, issued by this Court, subject to quashing of all criminal and civil cases.
- 5) Per contra, Mr. Tushar Mehta, learned Solicitor General along with Mr. S.V. Raju, learned Additional Solicitor General, representing the Agencies, submits that they wish to seek instructions in this regard asking the present calculations from the Bank, and they are not agreeable to the amount as suggested by the learned senior counsel for the petitioner. The prayer as made for quashment at this stage or accepting anything less to which the Bank is entitled to may not be justified.
- 6) In view of the above submissions, at present, we are not appreciating the arguments on merits and leaving it open for the next date. However, in furtherance to the calculation have noted above, we deem it appropriate to direct the petitioner to deposit Rs. 2062 crores in round figure on ad hoc basis within ten days from today. The amount if any deposited on ad hoc basis in the Court shall be subject to further orders of this Court.
- 7) We have noted the calculation as above is as per the allegation of FIR and OTS, though the figure for closing the issues as given by learned Solicitor General for deposit was of Rs. 5100 crores in the sealed cover, which is opened in the Court.
- 8) At this stage, learned senior counsel Mr. Rohatgi appearing submits that to get rid of all proceedings and to put a quietus to the litigation of criminal cases with respect to CBI, ED, attachments under PMLA, Fugitive Act, SFIO, Blackmoney and Income Tax, he shall deposit the entire amount of Rs. 5100 crores, however, the quashment of all proceedings may be directed.
- 9) Learned counsel for the parties may come with instructions tomorrow, on 19th November, 2025, and the matter be taken up immediately after fresh matters. 10) List on 19th November, 2025.”

9. In furtherance, in the said order, as per instructions the proposal made by the learned Solicitor General has been accepted and the petitioners have agreed to deposit the amount specified in the proposal subject to closure of all the proceedings indicated in paragraph 8 of the above order. With intent to secure instructions after conscious decision by the parties, the matter was posted for today.

10. Having considered the submissions and looking to the material placed, it is clear that the amount of defalcation in FIR was Rs. 5383 crores. The OTS with respect to all Indian Companies of the petitioners with the Banks was for a sum of Rs. 3826 crores and for foreign companies being guarantor was of Rs. 2935 crores, bringing the total sum to Rs. 6761 crores. Out of the said amount, the petitioners have voluntarily deposited fraction of total amount under various heads, including as per orders of this Court, which comes to around Rs. 3507.63 crores, leaving the remaining dues to Rs. 3253.37 crores. The lender Banks have initiated the proceedings under Insolvency Bankruptcy Code, 2016 before the National Company Law Tribunal, wherein recoveries made of worth Rs. 1192 crores. However, out of the total amount as specified in the OTS, which was higher than the amount as specified in the FIR, the remaining unpaid amount comes to Rs. 2061.37 crores. As indicated in order dated 18.11.2025 and after consultation with the lending banks, the investigating agencies through learned Solicitor General, in a sealed cover demanded Rs. 5100/- crores against the dues/recoveries which are the subject matter of the FIR and other criminal proceedings. The petitioners intend to put quietus of the litigation with respect to CBI, ED, attachments under PMLA, Fugitive Act, SFIO, pertaining to black money and Income Tax, and have agreed to deposit the amount as demanded, honouring the proposal made by learned Solicitor General on behalf of the Government. The petitioners have agreed to deposit the said amount by way of full and final payment of the lender banks and to quash/close all proceedings against them.

11. The perusal of the orders passed in the proceedings of this case as noted hereinabove, it is apparent that since inception, this Court was of the view that if the petitioners are ready to deposit the amount as settled in OTS and public money comes back to lender banks, the continuation of the criminal proceedings would not serve any useful purpose. The tenor of the proceedings apparently indicate peculiarity, with intent to protect the public money and interest and to get deposited the defalcated amount. In furtherance, the consensus has been arrived at as indicated above. In this view, in the peculiar facts and situation of the present case, discretion as prayed, deserves to be exercised for granting the relief, as prayed and to direct for quashment of all the proceedings.

12. In view of the foregoing, subject to deposit of Rs. 5100 crores as indicated towards full and final settlement with the lender banks and investigating agencies, these petitions deserve to be allowed granting the following reliefs –

(i) The writ petitions filed by the petitioners are allowed directing quashing of the proceedings as indicated in relief clause (i) to (x) quoted hereinabove in paragraph 1 of this order. The said quashing would be operative on deposit of Rs. 5100 crores as a full and final payment based on consensus, on or before 17.12.2025.

(ii) The said amount be deposited before the Registry of this Court on or before the date as specified in clause (i) above, permitting the petitioners to make the deposits in separate tranches and dates. On receiving the amount, it shall be kept in a short time interest bearing fixed deposit account in any nationalized bank till its disbursement.

(iii) Upon submitting the claims, the deposited amount shall be disbursed to the respective lender Banks on proportionate basis in reference to the amount due towards

them. The Registrar (Judicial-Administration) shall verify the details of the amount due, proportionate entitlement and accordingly disburse the amount in the account of the respective banks. The Registrar is at liberty to take assistance of Account personnels, if needed.

(iv) Registrar (Judicial-Administration) is further at liberty to the seek clarification, if needed from the Bench, on the issue of the proportionate disbursement.

(v) In consequence of the above, the litigation with respect to the loan amount of the petitioners for which the FIR was registered and the OTS was sanctioned and approved, shall be put to an end by way of full and final settlement as per consensus and this litigation shall be put to quietus.

(vi) These directions as issued are in peculiar facts of this case, therefore, they shall not be treated as precedent.

(vii) Accordingly, both the writ petitions are allowed and be treated as disposed-of in above terms. Pending applications, if any, shall stand be treated disposed-of.

© All Rights Reserved @LiveLaw Media Pvt. Ltd.

*Disclaimer: Always check with the original copy of judgment from the Court website. Access it [here](#)