



2026:AHC-LKO:19173

**HIGH COURT OF JUDICATURE AT ALLAHABAD
LUCKNOW**

APPLICATION U/s 482 No. - 2651 of 2014

Virendra Shukla

.....Applicant(s)

Versus

State of U.P. Thru. Cbi

.....Opposite Party(s)

Counsel for Applicant(s)	: Prachish Pandey,
Counsel for Opposite Party(s)	: Bireshwar Nath,

**Reserved on: 13.02.2026
Pronounced on: 17.03.2026**

Court No. - 14

HON'BLE RAJEEV SINGH, J.

1. Heard Sri Prachish Pandey, learned counsel for the applicant and Sri Anurag Kumar Singh, learned special counsel appearing for Central Bureau of Investigation.

2. This application has been filed with the following prayer:-

"To quash the charge sheet filed against the petitioner in crime No. RC-0062007A0023 pending in the court of Special Judge Anti Corruption CBI (West), U.P. Lucknow."

3. The factual matrix of the case, as pointed out by learned counsel for the applicant, is as under:-

3.1. The applicant and his mother were the partners in the firm named as M/s New Shukla Medical Stores and for enhancing the business, C.C.H. (Cash Credit Hypothecation) limit of Rs. 30 lakhs was sanctioned by Union Bank of India, Sachivalaya Branch, Lucknow on 07.03.2003 without obtaining Income Tax Returns, Sale Tax Returns and audited balance sheet of the firm. Later on, the loan amount was not paid in time, the said account was declared as N.P.A. by the Bank. Thereafter, recovery proceeding was initiated against the applicant as well as his mother. However, the issue was resolved by way of 'one time settlement' and the applicant deposited amount of Rs. 40.50 lakhs against due amount of Rs. 30 lakhs as such a settlement certificate was issued by the Bank on 04.10.2011.

4. Learned counsel for the applicant has submitted that the F.I.R. of the case in question was lodged with the allegations that on the basis of reliable information, it came into notice that during the period between 2002 to 2004, the bank officers entered into criminal conspiracy with the private persons with the common object and commit the offences of cheating, forgery and criminal misconduct by sanctioning and disbursing housing loans as well as C.C.H. limits against forged/bogus documents for non-existing firms/properties and thereby caused wrongful loss to the Banks and corresponding illegal gain to themselves.

4.1. It has further been submitted that the applicant was not named in the F.I.R., but after investigation, the charge-sheet was submitted against the applicant also with the observation that the applicant and his mother, who were partners in the firm- M/s New Shukla Medical Stores, in connivance with Mr. K.K. Trivedi, the then Branch Manager, Union Bank of India, Sachivalaya Branch, Lucknow, submitted false and forged documents as genuine, knowing that these were forged, and thus, have caused wrongful loss to the Bank and corresponding gain to themselves by not refunding the loan amount.

4.2. It has vehemently been submitted that as per the Reserve Bank of India's Guidelines, the loan was repaid under 'One Time Settlement' Scheme.

4.3. Relying on the judgement of Hon'ble Supreme Court in the case of *N.S. Gnaneshwaran Etc. Vs. The Inspector of Police and another* reported in *S.L.P. (Crl.) Nos. 17481-17482 of 2024*, learned counsel for the applicant has submitted that in identical circumstances, the criminal proceeding was quashed by Hon'ble Supreme Court on the ground that in the form of settlement of dues with the Bank via OTS, the issue was resolved. In such circumstances, the trial of the case in question is futile one as the dues have already been repaid to the Bank in the form of settlement and settlement certificate has also been issued. It has, thus, been submitted that indulgence of this Court is required.

5. Sri Anurag Kumar Singh, learned special counsel for the C.B.I., while opposing the prayer of the applicant, has submitted that in connivance with the Bank officers, the C.C.H. Limit of Rs. 30 lakhs was sanctioned on false and forged documents. In the investigation, it was found that the valuation of mortgaged property, i.e., shop in the name of one partner of the firm, namely, Smt. Phool Kali was shown as Rs. 34.99 lakhs, but after becoming N.P.A., the Bank revaluated the property and found that value of the shop was Rs. 13.85 lakhs.

5.1. It has further been submitted that after detailed investigation, the charge-sheet was submitted by the Investigating Officer and merely on the basis of 'one time settlement' scheme, criminal proceeding cannot be quashed.

5.2. In support of his submissions, learned counsel for the C.B.I. has placed reliance on the judgements of Hon'ble Supreme Court in the following cases:-

(i) ***Central Bureau of Investigation Vs. Sarvodaya Highways Ltd. and others*** reported in ***2025 SCC OnLine SC 2598***,

(ii) ***State of Maharashtra through Central Bureau of Investigation Vs. Vikram Anantrai Doshi and others*** reported in ***(2014) 15 SCC 29***.

5.3. Learned counsel for the C.B.I. has also placed reliance on the judgments of this Court passed in the cases of ***Badri Narayan Tiwari and Ors. Vs. S.P., C.B.I./A.C.B., Lucknow and others*** reported in ***Application U/s 482 No. 2332 of 2012*** and ***Vineet Ranjan Srivastava Vs. State of U.P. thru C.B.I./A.C.B., Lucknow*** reported in ***Application u/s 482 No. 2765 of 2010***.

6. Considering the submissions of learned counsel for the applicant, learned counsel for the C.B.I. and going through the contents of the application, judgements relied by learned counsel for the parties as well as other relevant documents, it is undisputed that the C.C.H. Limit of Rs. 30 lakhs was sanctioned in favour of the firm of the applicant, in which, the applicant's mother was also partner, but later on, she died. As the loan amount was not repaid, then the account was declared as N.P.A. Thereafter, the F.I.R. was lodged against the Bank officials as well as the borrowers by the C.B.I. During the course of investigation, it was found that on the basis of some false declaration, the C.C.H. Limit was sanctioned by the Bank. It is admitted in para 6 of the counter affidavit that under 'one time settlement' scheme, Rs. 40.50 lakhs have already been deposited by the applicant against C.C.H. Limit of Rs. 30 lakhs. In the case of ***N.S. Gnaneshwaran Etc. Vs. The Inspector of Police and another (supra)***, Hon'ble Supreme Court has quashed the proceedings on the ground of settlement under the 'one time settlement' scheme. Paras 4 to 10 of the judgment, i.e, ***N.S. Gnaneshwaran Etc. Vs. The Inspector of Police and another (supra)*** are reproduced as under:-

"4. We have heard the learned counsel appearing for the parties and carefully perused the material on record.

5. *The learned counsel for the appellants submits that the dispute in question arises out of a commercial transaction which has since been amicably resolved through a One Time Settlement scheme extended by the Bank. It is contended that the recovery proceedings initiated by the Bank have been fully settled, no dues remain, and the Bank has formally issued certificates recording its satisfaction. It is further urged that the appellants are similarly placed to other co-accused against whom proceedings have already been quashed, and that the continuation of proceedings in the present matter would amount to unfair treatment. Additionally, it is submitted that the offences under the Prevention of Corruption Act are not attracted in the case of the appellants, who are private individuals and not public servants.*

6. *On the other hand, learned counsel for the respondents contends that the settlement of dues or compromise between the parties does not automatically warrant quashing of criminal proceedings when serious allegations involving fraud and criminal conspiracy are made out. It is submitted that the existence of a prima facie case is sufficient to warrant trial and that private settlements should not interfere with criminal prosecution, especially at an advanced stage.*

7. *Having considered the submissions of both sides and examined the record, we are of the view that no useful purpose would be served by continuing the criminal proceedings in the present matter. The dispute has, admittedly, culminated in a comprehensive One Time Settlement under which the Bank has received the entire outstanding amount. The recovery proceedings before the tribunal have been dismissed as settled, and no residual claim survives. The Bank has not raised any objection to the closure of the matter and has issued formal acknowledgments of satisfaction.*

8. *Further, in identical proceedings filed by the CBI against the appellants in C.C. Nos. 13 of 2006 and 151 of 2010, the charge sheets were quashed by the High Court after taking note of the settlement reached in the recovery proceedings. The special leave petitions preferred by the State being SLP (Crl) No. 711 of 2021 and SLP (Crl) No. 825 of 2021 challenging the said quashing were dismissed by this Court, rendering the orders final. Since the facts and legal position are the same in the present matter, we see no reason why the appellants should not be given the same relief.*

9. *In our view, allowing the present criminal proceedings to continue would serve no meaningful purpose, particularly when the dispute between the parties has already been resolved through a full and final settlement. The settlement between the parties having taken place after the alleged commission of the offence, and there being no continuing public interest we see no justification for allowing the matter to proceed further.*

10. In view of the above discussion, we find it appropriate to quash the proceedings pending in C.C. No. 16 of 2006 against the appellants herein. Consequently, the appeals are allowed."

7. Admittedly, in the present case, the amount of Rs. 40.50 lakhs has already been paid by the applicant against the loan amount of Rs. 30 lakhs. Therefore, allowing the trial of case in question would be meaningless, specially when the dispute with the Bank is already resolved.

8. In view of the above observations, the present application is **allowed**. The impugned charge-sheet filed against the petitioner in Crime No. RC-0062007A0023 pending in the court of Special Judge Anti Corruption CBI (West), U.P. Lucknow and entire proceedings in pursuance thereof are hereby **quashed**.

(Rajeev Singh,J.)

March 17, 2026

Arpan