

**IN THE SUPREME COURT OF INDIA
CRIMINAL APPELLATE JURISDICTION**

CRIMINAL APPEAL NO.845/2018

STANDARD CHARTERED BANK

Appellant(s)

VERSUS

THE STATE OF KARNATAKA & ORS.

Respondent(s)

WITH

CRIMINAL APPEAL NO.846/2018

O R D E R

The appellants have approached this Court seeking to quash the impugned judgment passed by the High Court which declined to quash the First Information Report (FIR) being FIR No. 418/2016 dated 16.12.2016, registered at Indiranagar Police Station, Bengaluru against them for the offences under Sections 406, 409, 420, 108-A, 109 and 120-B of the IPC, 1860 on the premise that there is a statutory violation and the allegations made in the FIR pertain to fabrication of documents, amongst others.

This case has got a checkered history.

An Escrow and Settlement Transaction Agreement (hereinafter referred to as "Escrow Agreement") was entered into way back on 12.05.2007 between Corsair and katra, and Standard Chartered Bank, Mauritius. The contesting respondent before us - M/s Vector

Program Pvt. Ltd. (Vector) agreed to sell 13455 shares of Tamil Nadu Mercantile Bank unconditionally and irrevocably to the entities identified by Corsair Investments LLC.

Accordingly, one of the appellants - Starship Equity Holding Ltd. (Starship) was identified as an independent investor for the purchase of shares. A letter was addressed by respondent-Vector to Corsair recording an agreement between the two for transferring shares which respondent-Vector was in the process of acquiring. On 13.05.2007, the Tamil Nadu Mercantile Bank approved the transfer of shares in favour of respondent-Vector. On the very same day, in accordance with the aforesaid letter recording an agreement, the shares were further transferred and the same were deposited with the Standard Chartered Bank, India having its branch at Mumbai. Respondent-Vector, after the completion of the said transaction received a sum of Rs.32,53,68,810/- on 15.05.2007. It seems to us that the valuation of the shares has increased multifold thereafter.

Having lost a fortune by its own decision, respondent-Vector made an abortive attempt by filing a civil suit in the year 2011 seeking termination of the Escrow Agreement, and return of the said shares. The interim application filed at the instance of respondent-Vector in Suit No.988/2011 was dismissed

by the Bombay High Court *inter alia* holding that respondent-Vector did not have the right to seek termination of the Escrow Agreement and, thereafter, return of the shares, as the transfer of shares was complete *qua* respondent-Vector and there was no regulatory implication against it.

Aggrieved, an appeal was preferred before the Division Bench of the High Court. By way of a speaking order, the Division Bench not only confirmed the order of the learned Single Judge, but also imposed costs.

We have also been informed that unrelented and undaunted, the respondent-Vector had made one more attempt by filing a Special Leave Petition before this Court, which also met the same fate as before.

Surprisingly, a criminal complaint was made by respondent-Vector on 16.12.2016, few days after the dismissal of the appeal by the Division Bench of the High Court. The said criminal complaint was registered as an FIR on the very same day. It was transferred on the next date to the respondent No.1-Criminal Investigation Department Cyber Crimes Police Station. Within two days thereafter, an Investigating Officer was appointed and in a hurried manner, an order has been obtained from the jurisdictional Magistrate under Section 93 of CrPC, 1973 for search and seizure. In pursuance of the

search, the shares certificate in the name of respondent-Vector were seized.

The appellants approached the High Court seeking to quash the First Information Report registered. As stated earlier, the High Court by way of the impugned order, was pleased to reject the prayer sought for. Thus, the present appeals before us have been filed.

Learned senior counsel appearing for the appellants would contend that the very criminal complaint is nothing but a clear abuse of the process of law. Nearly after nine years from the date of the Escrow Agreement and the receipt of the money after transfer of shares and immediately after the dismissal of the intra-Court appeal by the Division Bench of the Bombay High Court, respondent No.3 has filed the criminal complaint. He has also brought on record the Escrow Agreement and the letter recording an agreement *inter-se* the parties. Even the High Court of Karnataka, while dismissing the quashing petition was pleased to take note of the receipt of the money by respondent-Vector. There is absolutely no criminal proceedings initiated at the instance of either the Reserve Bank of India or the Enforcement Directorate against the appellants, pertaining to the present set of transactions. Thus, the criminal proceedings, being a clear abuse of the process of law are liable to be quashed.

Mr. Sajan Poovayya, learned senior counsel appearing for the respondent-Vector submits that though it may not be against the respondents, proceedings have been initiated against some other persons. Mere dismissal of the intra Court appeal by the Division Bench of the Bombay High Court would not bar the FIR from being registered, particularly when a cognizable offence is made out. The contents of the criminal complaint subsequently registered as an FIR, being one for investigation, this Court may not interfere with the ultimate conclusion arrived at by the High Court.

The facts, as narrated, speak for themselves.

On a perusal of the FIR, we find that it is completely bereft of the material particulars. Most of the transactions have either been suppressed or have not duly been brought on record. This includes the pendency of the civil litigation and the orders passed both by the High Court and this Court. As stated, the decision of the Division Bench of the Bombay High Court has been confirmed by this Court. All the contentions raised have been considered threadbare. The very criminal complaint, as stated earlier, has been given immediately after the dismissal of the appeal by the Division Bench of the High Court. It is not in dispute that respondent-Vector signed the documents, transferred the shares

and received the money. All these transactions were complete way back on 15.05.2007. It is only thereafter, by way of an afterthought, that respondent-Vector made an abortive attempt by way of filing a civil suit seeking termination of the Escrow Agreement, and return of the escrowed shares. After getting adverse orders at the hands of both the learned single Judge and the Division Bench of the Bombay High Court, hurriedly a criminal complaint has been filed immediately thereafter. There is no contra-material to hold that any other criminal proceedings have been initiated against the appellants. It is the respondent-Vector who was the beneficiary of the transaction and received money at the relevant point of time. Therefore, we have no hesitation in holding that the High Court has committed an error in not considering the relevant materials in their correct perspective, especially, the well merited decisions of the Bombay High Court.

The power under Section 482 of the Code of Criminal Procedure, 1973 as it stood at the relevant point of time, though is expected to be exercised sparingly, shall be invoked when the pendency of the criminal proceedings would result in a gross abuse of the process of law. This is a fit case where the High Court ought to have exercised the said power. We have also been informed that subsequently, the

very same High Court has quashed the impugned FIR as against the co-accused namely, accused Nos.6 and 7 in Criminal Petition No.565/2017 by order dated 28.03.2024.

Considering the above facts and discussion, the impugned order stand set aside. Consequently, the FIR being FIR No.418/2016 registered against the appellants stands quashed. The escrowed shares will have to be returned to the appellants.

We make it clear that our order will not have any bearing on any other pending proceedings.

The appeals stand allowed in the aforesaid terms.

Pending application(s), if any, shall stand disposed of.

.....J.
[M.M. SUNDRESH]

.....J.
[RAJESH BINDAL]

NEW DELHI;
APRIL 24, 2025.

ITEM NO.102

COURT NO.8

SECTION II-C

S U P R E M E C O U R T O F I N D I A
RECORD OF PROCEEDINGS

Criminal Appeal No(s). 845/2018

STANDARD CHARTERED BANK

Appellant(s)

VERSUS

THE STATE OF KARNATAKA & ORS.

Respondent(s)

WITH

Crl.A. No. 846/2018 (II-C)

FOR PERMISSION TO FILE ADDITIONAL DOCUMENTS/FACTS/ANNEXURES ON IA
66855/2018

Date : 24-04-2025 These appeals were called on for hearing today.

CORAM :

HON'BLE MR. JUSTICE M.M. SUNDRESH
HON'BLE MR. JUSTICE RAJESH BINDAL
[THROUGH VIDEO CONFERENCING]

For Appellant(s) Dr. Abhishek Manu Singhvi, Sr. Adv.
 Mr. M S Krishnan, Sr. Adv.
 Mr. K. Shiva, Adv.
 Mr. Anirudh Krishnan, Adv.
 Mr. Kunal Shah, Adv.
 Mr. Mohit Rohatgi, Adv.
 Ms. Ankita Singhania, Adv.
 Mr. Karthik Adlalka, Adv.
 Mr. Kaustub Narendran, Adv.
 Mr. Umang Nair, Adv.
 Mr. Balaji Srinivasan, AOR

Dr. Harish Narasappa, Sr. Adv.
Mr. Divyam Agarwal, AOR
Mr. Hormuz Mehta, Adv.
Mr. Aniket Aggarwal, Adv.
Mr. Mayank Ratnaparkhe, Adv.
Mr. Ahsan Allana, Adv.
Mr. Pranav Nayar, Adv.

For Respondent(s) Mr. V. N. Raghupathy, AOR
 Mr. Raghavendra M. Kulkarni, Adv.
 Ms. Mythili S, Adv.
 Mr. M. Bangaraswamy, Adv.
 Mr. Venkata Raghu Mannepalli, Adv.
 Mr. Md. Apzal Ansari, Adv.
 Mr. Prakash Jadhav, Adv.
 Mr. Shiv Kumar, Adv.

Ms. Vaishnavi, Adv.
Mr. Dhanesh Ieshdhan, Adv.

Mr. Sajan Poovayya, Sr. Adv.
Mr. Palash Maheshwari, Adv.
Ms. Sanjanthi Sajan Poovayya, Adv.
Ms. Raksha Agarwal, Adv.
Mr. Yogesh Somani, Adv.
Mr. Saransh Bhardwaj, Adv.
Mr. Akash Chatterjee, AOR

UPON hearing the counsel the Court made the following
O R D E R

The appeals are allowed in terms of the signed order.

Pending application(s), if any, shall stand disposed of.

(ASHA SUNDRIYAL)
DEPUTY REGISTRAR

(POONAM VAID)
ASSISTANT REGISTRAR

[Signed order is placed on the file]