

HC sets aside ₹4,063-crore CBI case against GTL Infra

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MUMBAI: The Bombay High Court has quashed a ₹4,063.31 crore loan default FIR filed by the Central Bureau of Investigation (CBI) against GTL Infrastructure Ltd (GTL), observing that the agency failed to identify any accused before registering the case.

A division bench of Chief Justice Shree Chandrashekhar and Justice Gautam Akhand observed that registering an FIR against "unknown bank officials and unknown directors indicates the fluid state of affairs."

The court said that the purpose of an investigation cannot be to ascertain the identity of unknown accused persons after filing an FIR.

"The continuance of criminal proceedings against GTL Infra cannot be permitted on the ground that the Investigating Officer may some day find the real culprits," the bench said.

The company allegedly had a



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total loan due of ₹11,263 crore from a consortium of banks in 2011, which the company could not repay.

In 2016, lenders invoked Strategic Debt Restructuring (SDR), converting ₹7,200 crore of debt into equity shares, leaving ₹4,063 crore as dues.

The CBI initiated a preliminary enquiry in July 2021 and registered the FIR in August 2023, alleging that GTL Infra diverted the ₹4,063 crore through vendors who allegedly did not supply goods, and that the funds were later written off

or invested in M/s. European Projects and Aviation Ltd, M/s. Chennai Network Infrastructure Limited, or GTL Infrastructure.

GTL Infra moved the high court seeking quashing of the FIR, contending that the Forensic Audit Report did not detect fraud. The company added that statutory auditors and the Income Tax Settlement Commission found no evidence of fraudulent transactions.

The company also claimed that it had repaid ₹19,253 crore against borrowings of ₹11,263 crore and that the FIR was barred under Section 17A of the Prevention of Corruption Act.

It also added that no public servant had been identified and no prior sanction from the government were obtained.

Accepting the company's submissions, the court said, "Surprisingly, not a single individual was identified by the CBI in the course of the Preliminary Enquiry and the FIR seems to have been lodged only for making a roving and fishing inquiry."