



In the High Court of Punjab and Haryana, at Chandigarh

Criminal Misc. No. M-12146 of 2024 (O&M)

**Reserved On: 09.04.2026
Pronounced On: 28.04.2026**

Deepak Chopra and Another

... Petitioner(s)

Versus

State of Punjab and Another

... Respondent(s)

CORAM: Hon'ble Mr. Justice Surya Partap Singh.

Present: Mr. Munish Gulati, Advocate
for the petitioner(s).

Mr. Rohit Bansal, Senior Deputy Advocate General,
Punjab, for the respondent No.1.

Mr. Munish Gulati, Advocate
for the respondent No.2.

Surya Partap Singh, J.

1. This petition under Section 428 of 'the Code of Criminal Procedure, 1973' has been filed for the quashing of FIR No. 174 dated 24.08.2018, Police Station Mataur, District S.A.S. Nagar (Mohali). The above-mentioned FIR has been lodged for the commission of offence punishable under Section(s) 420 [120-B added later on] of 'the Indian Penal Code, 1860', hereinafter being referred to as "IPC" only.

2. Heard.

3. It has been contended by learned counsel for the petitioners that a bare perusal of the contents of the FIR itself makes it abundantly clear that the only grievance of the complainant/respondent No.2, hereinafter being

referred to as “respondent No.2” only, is that the petitioner No.1 had entered into a contract with the respondent No.2 for the construction of a showroom and on construction of above-mentioned showroom, the entire bills submitted by the respondent No.2 have not been cleared by the petitioner No.1. According to learned counsel for the petitioners, precisely speaking, the bills amounting to ₹83,68,772/- were raised on various occasions by the respondent No.2 and the petitioner No.1 paid only a part thereof, i.e. a sum of ₹50,26,772/-. As per learned counsel for the petitioners, in view of above the balance amount of ₹36,42,000/- has been claimed to be due by respondent No.2.

4. With regard to above, the learned counsel for the petitioners has further contended that the above-mentioned set of facts makes it abundantly clear that the dispute between the parties is a dispute of civil nature which comes within the purview, either a dispute for settlement of account or the recovery of money, and thus, the cause of action for filing a civil suit either for rendition of account or for recovery is the proper remedy available to the respondent No.2.

5. As per learned counsel for the petitioners since right from the very beginning, on various occasions, different payments have been made by the petitioner No.1 to the respondent No.2, this inference cannot be drawn that there was an element of cheating either at the time of entering into contract or at any later stage and thus, the filing of FIR for the purpose of recovery of money is nothing, but a misuse of process of law. In view of above, the learned counsel for the petitioner has contended that the dispute between the parties being purely a dispute of civil nature, i.e. failure to meet

the obligation under a contract, the FIR under Section 420 and 120-B of IPC is not sustainable and deserves to be quashed.

6. It has also been contended by learned counsel for the petitioners that in the present case with regard to recovery of above-mentioned amount a civil suit was filed by the respondent No.2, and that the suit for recovery has already been dismissed by the learned Civil Judge. It has further been contended by learned counsel for the petitioners that in the above-mentioned civil suit the respondent No.2 was examined, as his own witness, and during the course of deposition, the respondent No.2 admitted that he received a sum of ₹1,08,91,072/- from the petitioners. With regard to above-mentioned contention, the learned counsel for the petitioners has referred to the copy of judgment dated 15.12.2023, passed in Civil Suit No. 605 of 2019 titled as ‘New Tech Builders v. Deepak Chopra and Others’.

7. The learned counsel for the respondent No.2 has controverted the above-mentioned arguments. According to the learned counsel for respondent No.2 the dispute between the petitioners and the respondent No.2 is not a pure dispute with regard to accounting or recovery of money. As per learned counsel for the respondent No.2 if the entire conduct of the petitioner No.1 right from the moment when the contract was awarded to the respondent No.2 is analysed, it makes it abundantly clear that the intentions of the petitioners from the very beginning were malafide and with an intention to cheat the respondent No.2 firstly he refused to pay anything in advance to the respondent No.2 before the commencement of construction, and thereafter, on various occasions when the bills for larger amount were raised by the respondent No.2 the petitioner No.1 made only part payment of

the same.

8. The learned counsel for the respondent No.2 has further contended that at the time of completion of construction a total sum of ₹36,42,00/- was outstanding, and that under a well-planned conspiracy right from the very beginning the petitioner No.1 had been acting in a malafide manner and cheated the poor contractor, i.e. respondent No.2. In view of above, the learned counsel for the respondent No.2 has argued that no ground for quashing of FIR is made out.

9. The learned counsel for the respondent No.2 has also contended that although, it is a settled law that, mere, failure to discharge obligation as per contract does not amount to cheating, yet, the law also prescribes that intention of the violator of the contract plays a pivotal role in determining as to whether the offence of cheating has taken place or not. According to learned counsel for the respondent No.2, in the present case the element of malafide intention of the petitioner No.1, right from the very first moment when he entered into contract with the respondent No.2, is apparent and therefore, this plea of the petitioners is not sustainable that the dispute between them and the respondent No.2 is purely a dispute of civil nature.

10. The learned State counsel, assisted by the learned counsel for the respondent No.2, has contended that in the present case the investigation is already complete, and that during the course of investigation significant evidence has been collected by the Investigating Agency qua the fact that the intention of the petitioner No.1 while awarding contract for construction to the respondent No.2, was not to pay him the entire money and thus, the offence under Section 420 and 120-B of IPC is made out against the

petitioners. The learned State counsel, being assisted by the learned counsel for the respondent No.2, has contended that the present petition has no merit and deserves dismissal.

11. The record has been perused carefully.

12. In the present case, in order to arrive at any conclusion it shall be appropriate to look into the contents of the FIR. The above-mentioned FIR came into being at the instance of 'Data Ram' (the respondent No.2 herein), who had filed a complaint before the police. It has been alleged by the complainant/respondent No.2, hereinafter being referred to as 'the respondent No.2' only, that he was engaged on contract basis for the construction of a showroom bearing No. 28-29, Sector 470 on 28.07.2015 by the accused, namely 'Deepak Chopra' (the petitioner No.1). According to the respondent No.2, it was settled that payment, for the constructed area, shall be made by the petitioner No.1 to the respondent No.2 at the rate of ₹800/- per square feet, on submission of bills.

13. It has been further alleged by the respondent No.2 that before the commencement of construction no advance was paid by the petitioner No.1 to him and when he (the respondent No.2) incurred expenses of ₹23,00,000/- towards labour, machines and purchase of building material, he raised a bill of ₹23,00,000/-, but the petitioner No.1, in a very clever manner, under a well-planned conspiracy, made only part payment of the due amount and continued to give assurance that he would clear the payment on a later occasion. According to the respondent No.2, the same conduct continued at subsequent stages of construction and thus, a handsome amount remained outstanding towards the petitioners.

14. The respondent No.2 has further alleged that when the construction was complete, the total bill came out for a sum of ₹83,68,772/- and against the above-mentioned due amount, on various occasions, the petitioner No.1 paid only a sum of ₹50,26,772/-. According to the respondent No.2 since the construction was complete he asked for the payment of remaining amount of ₹36,42,000/-, but the petitioner No.1 failed to do so and when he insisted for the payment he (the petitioner No.1) flatly refused to pay the above-mentioned amount.

15. On the basis of above-mentioned allegations, it has been alleged by the respondent No.2 that he has been subjected to injustice on account of cheating by the petitioner and therefore, action be taken against him. It is the case of the prosecution that pursuant to above-mentioned complaint, formal FIR of this case had been lodged and the investigation taken up. As per prosecution on completion of investigation the final report has been filed in the court.

15. Before adverting to any conclusion on the basis of analysis of fact-situation pertaining to the present case, it shall be appropriate to look into the relevant law. The Hon'ble Supreme Court of India, while dealing with similar situation, in the case of "Vesa Holdings Private Limited and Another v. State of Kerala and Others" (2015) 8 SCC 293, has observed that every breach of contract would not give rise to an offence of cheating. According to the Hon'ble Supreme Court of India only in those cases breach of contract would amount to cheating where there was any deception played at the very inception. It has been further observed that if the intention to cheat has developed later on, the same cannot amount to cheating.

16. It has further been observed by the Hon'ble Supreme Court of India in the above-mentioned case that for the purpose of constituting an offence of cheating, the complainant is required to show that the accused had fraudulent or dishonest intention at the time of making promise or representation, and that even in a case where allegations are made about failure on the part of the accused to keep his promise, in the absence of a dishonest intention at the time of making the initial promise, no offence under Section 420 of IPC is made out.

17. It has further been observed, by the Hon'ble Supreme Court of India, that "Section 415 of IPC has two parts. The first part makes it necessary that the deception by the accused of the person deceived, must be fraudulent or dishonest. Such deception must induce the person to either: (a) deliver property to any person; or (b) consent that any person shall retain any property. The second part also requires that the accused must by deception intentionally induce the person deceived either to do or omit to do anything which he would not do or omit, if he was not so deceived. Besides, such act or omission must cause or must be likely to cause damage or harm to that person in body, mind, reputation or property. Thus, as per the Hon'ble Supreme Court of India, deception is a necessary ingredient for the offence of cheating under both parts of this section. Besides, the complainant must allege/ prove that the inducement had been caused by the deception exercised by the accused. In other words, such deception must produce the inducement to part with or deliver property, which the complainant would not have parted with or delivered, but for the inducement resulting from such deception. The explanation to the section clarifies that non-disclosure of

relevant information would also be treated as a misrepresentation of facts leading to deception.”

18. In the case of “V.Ganesan v. State Represented by the Sub Inspector of Police and Another” [Criminal Appeal No. 1470 of 2026, decided on 19.03.2026], the view taken in the case of “Vesa Holdings Private Limited” (supra) has been followed by the Hon’ble Supreme Court of India. In the above-mentioned case also as per obligation arising out of contract the accused had failed to meet his commitment. According to the Hon’ble Supreme Court of India since there was no intention to cheat or deceive the complainant, by the accused, a cause of action only for civil action was made out. In view of the above-mentioned observations, the Hon’ble Supreme Court of India quashed the FIR filed under Section 420 of IPC.

19. In the case of “Sarabjit Kaur v. State of Punjab”, the Hon’ble Supreme Court of India has observed that a breach of contract does not give rise to criminal prosecution for cheating unless fraudulent or dishonest intention is shown right at the beginning of the transaction. Merely, on the allegation of failure to keep up promise will not be enough to initiate criminal proceedings.

20. Similarly, in the case of “Hridaya Ranjan Pd. Verma and Others v. State of Bihar and Another” AIR 2000 Supreme Court 2341, the Hon’ble Supreme Court of India has observed that “in determining the question it has to be kept in mind that the distinction between mere breach of contract and the offence of cheating is a fine one. It depends upon the intention of the accused at the time to inducement which may be judged by his subsequent

conduct but for this subsequent conduct is not the sole test. Mere breach of contract cannot give rise to criminal prosecution for cheating unless fraudulent or dishonest intention is shown right at the beginning of the transaction, that is the time when the offence is said to have been committed. Therefore it is the intention which is the gist of the offence. To hold a person guilty of cheating it is necessary to show that he had fraudulent or dishonest intention at the time of making the promise. From his mere failure to keep up promise subsequently such a culpable intention right at the beginning, that is, when he made the promise cannot be presumed.”

21. Since in the present case the petitioners have approached this court for the exercise of extraordinary jurisdiction vested in this court by virtue of Section 482 Cr.P.C., it shall be appropriate to look into the circumstances wherein the above-mentioned extraordinary jurisdiction should be exercised.

22. With regard to above, the guiding principles have been laid down by the Hon'ble Supreme Court of India in the case of 'State of Haryana Vs. Ch. Bhajan Lal', 1991(1) RCR 383. The Hon'ble Supreme Court of India after reviewing large number of cases on the question of quashing of FIR has laid down that the FIR can be quashed in the following circumstances:-

- A) Where the allegations made in the First Information Report or the complaint, even if they are taken at their face value and accepted in their entirety do not prima facie constitute any offence or make out a case against the accused.

- B) Where the allegations in the First Information Report and other materials, if any, accompanying the F.I.R. do not disclose a cognizable offence, justifying an investigation by police officers under Section 156(1) of the Code except under an order of a Magistrate within the purview of Section 155(2) of the Code.
- C) Where the uncontroverted allegations made in the FIR or complaint and the evidence collected in support of the same do not disclose the commission of any offence and make out a case against the accused.
- D) Where, the allegations in the F.I.R. do not constitute a cognizable offence but constitute only a non-cognizable offence, no investigation is permitted by a police officer without an order of a Magistrate as contemplated under Section 155(2) of the Code.
- E) Where the allegations made in the F.I.R. or complaint are so absurd and inherently improbable on the basis of which no prudent person can ever reach a just conclusion that there is sufficient ground for proceeding against the accused.
- F) Where there is an express legal bar engrafted in any of the provisions of the Code or the concerned Act (under which a criminal proceeding is instituted) to the institution and continuance of the proceedings and/or where there is a specific provision in the Code or the

concerned Act, providing efficacious redress for the grievance of the aggrieved party.

- G) Where a criminal proceeding is manifestly attended with mala fide and/or where the proceeding is maliciously instituted with an ulterior motive for wreaking vengeance on the accused and with a view to spite him due to private and personal grudge.

23. In the case of ‘Neeharika Infrastructure Pvt. Ltd. vs. State of Maharashtra and Others’ 2021 SCC Online SC 315, following guidelines have been prescribed:-

- “a) Courts would not thwart any investigation into the cognizable offences;
- b) It is only in cases where no cognizable offence or offence of any kind is disclosed in the first information report that the Court will not permit an investigation to go on;
- c) The power of quashing should be exercised sparingly with circumspection, as it has been observed, in the ‘rarest of rare cases (not to be confused with the formation in the context of death penalty);
- d) While examining an FIR/complaint, quashing of which is sought, the court cannot embark upon an enquiry as to the reliability or genuineness or otherwise of the allegations made in the FIR/complaint;
- e) Criminal proceedings ought not to be scuttled at the initial stage;

- f) Quashing of a complaint/FIR should be an exception rather than an ordinary rule;
- g) Ordinarily, the courts are barred from usurping the jurisdiction of the police, since the two organs of the State operate in two specific spheres of activities and one ought not to tread over the other sphere;
- h) The functions of the judiciary and the police are complementary, not overlapping;
- i) Save in exceptional cases where non-interference would result in miscarriage of justice, the Court and the judicial process should not interfere at the stage of investigation of offences;
- j) Extraordinary and inherent powers of the Court do not confer an arbitrary jurisdiction on the Court to act according to its whims or caprice;
- k) The power under Section 482 Cr.P.C. is very wide, but conferment of wide power requires the court to be more cautious. It casts an onerous and more diligent duty on the court; And
- l) When a prayer for quashing the FIR is made by the alleged accused and the court when it exercises the power under Section 482 Cr.P.C., only has to consider whether the allegations in the FIR disclose commission of a cognizable offence or not. The court is not required to consider on merits whether or not the merits of the

allegations make out a cognizable offence and the court has to permit the investigating agency/police to investigate the allegations in the FIR.”

24. If the factual matrix of the present case is analysed in the light of above-mentioned principles of law, it transpires that-

- i) there is no dispute qua the fact that there was a contract between the respondent No.2 (complainant) and the petitioner No.1 (accused) for the construction of a building;
- ii) there is no denial of the fact that towards the expenses incurred for the construction of building the payment was to be made by the petitioner No.1 to the respondent No.2;
- iii) on various occasions when the bills were raised by the respondent No.2 the payments were made by the petitioner No.1 to the respondent No.2.

25. In view of above-mentioned admitted facts, the dispute between the parties narrows down to non-payment of a part of outstanding amount. Since on various occasions the payments had been made by the petitioner No.1 to the respondent No.2 the above-mentioned conduct of the petitioners shows that at the very inception when the contract was awarded by the petitioner No.1 to the respondent No.2 and when the construction was raised and the bills were submitted (at various stages), apparently there was no dishonest intention on the part of the petitioners to cheat the respondent No.2. Had it been so, the petitioner No.1 would not have paid a major part of the outstanding amount. Apparently the dispute between the petitioners and

the respondent No.2 is a dispute of failure to make the obligation as per contract, which, as per the law laid down by the Hon'ble Supreme Court of India in the case of "Vesa Holdings Private Limited" (supra), "V.Ganesan" (supra), "Sarabjit Kaur" (supra) and "Hridaya Ranjan Pd. Verma" (supra) give rise to a cause of action for civil case only.

26. As a sequel to above-mentioned observations, it is hereby observed that since there is nothing on record to show that at initial stage there was any element of malafide intention on the part of the petitioners to deceive the respondent No.2, any criminal action on the basis of allegations contained in the FIR cannot sustain. Hence, it is hereby observed that the filing of FIR by the respondent No.2 against the petitioners is nothing but an abuse of process of law and therefore, the present FIR deserves to be quashed.

27. In view of above-mentioned observations, the present petition is hereby **allowed** and the FIR No. 174 dated 24.08.2018, for the commission of offence punishable under Section(s) 420 [120-B added later on] of IPC Police Station Mataur, District S.A.S. Nagar (Mohali) and the subsequent proceedings arising out of the above-mentioned FIR are hereby quashed.

28. The pending miscellaneous application(s), if any, shall stand disposed of.

(Surya Partap Singh)
Judge

April 28, 2026
"DK"

Whether speaking/reasoned : Yes/No

Whether reportable : Yes/No