CGHC010295292023 2026:CGHC:32572-DB

NAFR

HIGH COURT OF CHHATTISGARH AT BILASPUR

CRMP No. 2089 of 2023

1. Ajay Jain S/o Late Anoop Chand Jain, Aged About 58 Years R/o 5b/c, 109, Marlin Jaishree Vihar , Pandri Taral, Devendra Nagar, Raipur, Chhattisgarh.

2. Ashok Jain S/o Late Anoop Chand Jain, Aged About 61 Years R/o Dl -53, Sector -Ii, Kolkata -700091, District North 24- Parganas, West Bengal.

3. Sidharth Munat, S/o Rajkumar Munat, Aged About 36 Years R/o H. No. 7/a, Sudha Hospital Road, Talwandi, II Colony, Kota Rajasthan - 324005

... Petitioner(s)

versus

1. State of Chhattisgarh Through The Station House Officer, Police Station Telibandha, District Raipur Chhattisgarh.

2. Vinod Kumar Verma, S/o Kailash Chand Verma, Aged About 52 Years R/o 496/9, Sector-2, Near Granesh Mandap Avanti Vihar, Raipur Chhattisgarh.

...Respondent(s)

(Cause-title taken from Case Information System)

For Petitioners	:	Mr. S.C. Verma, Senior Advocate, assisted by Mr. Ashish Tiwari, Advocate.
For Respondent/State	:	Mr. Sangharsh Pandey, Government Advocate.
For Respondent No. 2	:	Mr. Apurv Goyal, Advocate.

Hon'ble Shri Ramesh Sinha, Chief Justice

Hon'ble Shri Ravindra Kumar Agrawal, Judge

Order on Board

***Per* Ramesh Sinha, Chief Justice**

29.07.2026

1. Heard Mr. S.C. Verma, learned Senior Advocate, assisted by Mr. Ashish Tiwari, learned counsel for the petitioners. Also heard Mr. Sangharsh Pandey, learned Government Advocate, appearing for the State/respondent No. 1 and Mr. Apurv Goyal, learned counsel, appearing for respondent No. 2.

2. The present petition has been filed by the petitioners with the following prayers:

> "*1. That, this Hon'ble Court may kindly be pleased to call for the entire records of the case pertaining to charge-sheet bearing No. 354 of 2022 filed by Police Station – Telibandha, District Raipur, CG u/S 420, 409, 120-B, 201, 467, 468, 471 of the IPC and all other proceedings emanating therefrom, if any, for kind consideration of this Hon'ble Court, and/or;*
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> *2. That, the Hon'ble Court may kindly be pleased to issue appropriate order(s), direction(s) quashing the charge-sheet bearing No. 354 of 2022 (Annexure P/1) filed by Police Station Telibandha, District Raipur (C.G.) under Section 420, 409, 129-B, 201, 467, 468, 471 of IPC and all other consequential proceedings emanating out of the charge-sheet.*

3. Any other relief, which the Hon'ble Court deems fit and proper looking to the facts and circumstances of the case, may also be granted."

3. Learned Senior Advocate appearing for the petitioners submits that the petitioners are connected with the Seirra Group of Companies, which comprises Seirra Infraventure Private Limited, Seirra Mining Private Limited and Padmavati Abasan Private Limited, all of which are engaged in mining and allied contractual works. Seirra Infraventure was executing the Parsa East and Kanta Basin Coal Block Project as a mining contractor. Owing to financial constraints faced by the Company, petitioner No. 2 was duly authorised by the Board of Directors to explore induction of investors and facilitate transfer of management so as to revive the business and ensure successful execution of the ongoing projects. He further submits that during the said process, respondent No. 2 approached the petitioners expressing his willingness to invest in the Seirra Group and take over its management. Before entering into any transaction, respondent No. 2 conducted an extensive due diligence of the affairs of the Companies. All financial records, liabilities, assets, borrowings and business operations were fully disclosed to him. At his own insistence, his authorised representative was inducted into the management and was granted authority to operate the bank accounts of Seirra Infraventure so that respondent No. 2 could independently supervise the financial affairs of the Company.

4. Learned Senior Advocate would submit that after being fully satisfied with the due diligence, respondent No. 2 voluntarily entered into a Memorandum of Understanding (MOU) dated 21.02.2020 with the petitioners for acquisition of the Seirra Group for a total consideration of Rs. 50 Crores. The MOU specifically provided for phased capital infusion by respondent No. 2, gradual transfer of management, joint decision-making during the transition period and resolution of all disputes through arbitration. The MOU further stipulated that in the event of its termination, neither party would incur any financial liability towards the other except as expressly provided therein. He also submits that despite the clear contractual obligations undertaken by respondent No. 2, he failed to infuse the agreed investment. Whatever amounts were paid by him were voluntarily disbursed directly to the lenders and vendors of Seirra Infraventure, particularly Srei Equipment Finance Limited, in discharge of the liabilities of the Company. No part of the said amount was ever received by the petitioners in their personal capacity. The funds were utilised strictly towards the liabilities and operational requirements of the Company with the knowledge and approval of respondent No. 2 and his authorised representative.

5. It is further contended by the learned Senior Advocate that despite repeated requests and reminders, respondent No. 2 failed to honour his obligations under the MOU and ultimately abandoned the proposed takeover. Instead of invoking the arbitration clause agreed between the parties, respondent No. 2 demanded refund of the amounts already invested by him and, when the petitioners declined on the ground that the dispute was governed by the contractual terms, respondent No. 2 started threatening the petitioners and thereafter initiated the present criminal proceedings only with a view to pressurise them into settling a purely commercial dispute. He also contended that even thereafter, in order to avoid unnecessary litigation and without admitting any legal liability, the petitioners agreed to treat the amount invested by respondent No. 2 as an interest-free loan and repaid a substantial part thereof. Despite such bona fide conduct on the part of the petitioners, respondent No. 2 persisted with his threats and ultimately lodged the impugned complaint, thereby giving a criminal colour to what is essentially a contractual dispute arising out of an alleged breach of the terms of the MOU.

6. Learned Senior Advocate further submitted that the FIR itself demonstrates that the dispute between the parties is purely commercial in nature and arises out of alleged non-performance of contractual obligations. In spite of the settled law laid down by the Hon'ble Supreme Court in ***Lalita Kumari v. State of Uttar Pradesh***, reported in ***(2014) 2 SCC 1***, no preliminary enquiry whatsoever was conducted before registration of the FIR. The investigating agency mechanically registered the offence without examining whether the allegations disclosed any criminal intent or merely constituted a civil dispute governed by the contractual arrangement between the parties. He would submit that while granting anticipatory bail to the petitioners vide order dated 21.03.2022 in MCRCA No. 235 of 2022 & batch, the learned Single Judge had already noticed the circumstances in which the FIR came to be registered and had also taken note of the principles laid down by the Hon'ble Supreme Court in ***Lalita Kumari*** (supra),

Indian Oil Corporation v. NEPC India Ltd., reported in ***(2006) 6 SCC 736*** and ***Mridaya Ranjan Prasad Verma & Others v. State of Bihar & Another***, reported in ***(2000) 4 SCC 168***, which clearly discourage criminal prosecution in matters arising out of commercial transactions unless the necessary ingredients of the alleged offences are made out.

7. It is further stated by the learned Senior Advocate that even if the entire charge-sheet is accepted at its face value, none of the essential ingredients of the offences punishable under Sections 420, 409, 120-B, 201, 467, 468 and 471 of the IPC are disclosed. There is not even a prima facie allegation indicating dishonest or fraudulent intention on the part of the petitioners at the inception of the transaction. The entire prosecution is founded upon alleged breach of contractual obligations, which by itself cannot give rise to criminal liability. He also stated that the allegation under Section 201 of the IPC is wholly misconceived, inasmuch as the same is founded merely on the alleged non-production of documents pursuant to notices issued under Section 91 CrPC. It is well settled that an accused cannot be compelled to furnish evidence against himself, and the investigating agency has proceeded contrary to the settled principles of criminal jurisprudence as well as the protection granted by this Hon'ble Court in the connected proceedings. Likewise, the allegation regarding fabrication of the Board Resolution is inherently improbable, since the authority of petitioner No. 2 to negotiate the proposed transaction was never disputed by any shareholder or director of the concerned Companies and respondent No. 2 himself had acted upon the said authority throughout the negotiations.

8. Learned Senior Advocate submits that the entire criminal prosecution is manifestly mala fide and has been instituted only as a coercive measure for recovery of an alleged contractual claim. The allegations are patently absurd, inherently improbable and do not satisfy the ingredients of any of the offences alleged. The present case, therefore, squarely falls within the categories carved out by the Hon'ble Supreme Court in ***State of Haryana v. Bhajan Lal***, reported in ***1992 Supp (1) SCC 335***, warranting exercise of the inherent jurisdiction of this Hon'ble Court for quashing of the impugned FIR and the consequential charge-sheet.

9. Learned Senior Advocate lastly submits that although the petitioners had earlier preferred an application for discharge, which came to be rejected by the learned trial Court and is the subject matter of a pending criminal revision, the principal challenge in the present petition is to the very initiation of the criminal proceedings. It is further submitted that the criminal case is presently fixed on 03.09.2026 for recording the evidence of the prosecution witnesses. However, despite several opportunities having been granted by the learned trial Court, respondent No. 2/complainant has consistently remained absent and has not stepped into the witness box. In these circumstances, continuation of the criminal trial, despite the patent absence of the essential ingredients of the alleged offences, would result in gross abuse of the process of law and cause irreparable prejudice to the petitioners.

10. *Per contra*, learned State counsel opposes the petition and submits that during the course of investigation, the investigating agency collected sufficient material to prima facie establish the involvement of the petitioners in the commission of the alleged offences. It is submitted that after a thorough investigation, the charge-sheet has been filed and charges have already been framed by the competent Court. The allegations involve disputed questions of fact which can only be adjudicated upon after appreciation of oral and documentary evidence during trial. It is further submitted that the defence raised by the petitioners cannot be examined while exercising inherent jurisdiction under Section 482 of the Cr.P.C (now under Section 528 of the BNSS). Accordingly, no case is made out for quashing of the FIR or the consequential charge-sheet.

11. Learned counsel appearing for respondent No. 2 submits that petitioner No. 2, Ashok Jain, approached respondent No. 2 in February, 2020 with a proposal for transfer of the entire Seirra Group, comprising Seirra Infraventure Private Limited, Seirra Mining Private Limited and Padmavati Abasan Private Limited. It is submitted that petitioner No. 3 Siddharth Munat, along with Urja Jain and Murgesh Bommiah, were Directors of Seirra Infraventure Private Limited. According to respondent No. 2, petitioner No. 2 represented that he was duly authorised by the Board of Directors to negotiate and execute the proposed transaction on behalf of the company. He further submitted that acting upon such representations, respondent No. 2 entered into a MOU dated 21.02.2020 with the petitioners for acquisition of the Seirra Group.

Under the terms of the MOU, the tentative consideration was fixed at Rs. 50 Crores, management decisions were to be taken jointly, respondent No. 2 was required to infuse capital in phases beginning with an initial investment of Rs. 1.5 Crores, and the management of the Company was to be gradually transferred to the nominee of respondent No. 2.

12. It is further contended that immediately after execution of the MOU, respondent No. 2 started performing his obligations by making an initial payment of Rs. 1 Crore directly to SREI Equipment Finance Limited towards the liabilities of Seirra Infraventure Private Limited. Thereafter, at the request of respondent No. 2, one Amit Kumar Lal was inducted to oversee the financial affairs of the Company and was provided access to certain bank accounts. Meetings were also held between the parties to chalk out the future course of action for implementation of the proposed takeover. He also contended that during the course of due diligence, respondent No. 2 discovered that material facts regarding the financial affairs of the Company had been deliberately concealed. According to respondent No. 2, the petitioners failed to disclose that almost the entire shareholding of Seirra Infraventure Private Limited stood pledged with SREI Equipment Finance Limited since the financial year 2016-17. It is further alleged that complete details of the bank accounts and liabilities of the Company were not disclosed and respondent No. 2 was intentionally kept in the dark regarding the true financial position of the company.

13. Learned counsel for respondent No. 2 would submit that respondent No. 2 invested an aggregate amount of approximately Rs.36 Crores between February, 2020 and March, 2021 in furtherance of the MOU. However, upon verification of the documents subsequently made available, respondent No. 2 allegedly discovered that the Board Resolutions dated 05.02.2020 and 12.02.2020, on the strength of which petitioner No. 2 claimed authority to negotiate and execute the transaction, were forged and fabricated. According to respondent No. 2, one of the Directors, namely Murgesh Bommiah, had not attended the alleged Board meetings and had been residing abroad during the relevant period. It is, therefore, contended that the resolutions relied upon by the petitioners were not genuine. He also submits that the balance sheets and financial documents supplied by the petitioners did not truly reflect the liabilities of the company and concealed substantial financial obligations. According to respondent No. 2, it was only subsequently revealed that transfer of the Company itself was subject to the prior approval of SREI Equipment Finance Limited, a fact which had never been disclosed at the time of execution of the MOU.

14. It is further stated by learned counsel for respondent No. 2 that after respondent No. 2 confronted the petitioners with the alleged concealment and misrepresentation, the petitioners acknowledged their liability and assured refund of the amounts invested. However, according to respondent No. 2, only a sum of Rs. 35 Lakhs has been repaid and the remaining amount continues to remain unpaid. He also submits that the allegations are not confined to a mere breach of contract but disclose a well-planned conspiracy whereby respondent No. 2 was induced to part with substantial amounts on the basis of false representations, fabricated corporate records and suppression of material facts. According to respondent No. 2, the investigation has revealed sufficient material constituting offences punishable under Sections 420, 409, 120-B, 201, 467, 468 and 471 of the IPC and, therefore, the dispute cannot be characterised as one of a purely civil or commercial nature. The petitioners have consistently attempted to delay the criminal proceedings by initiating multiple legal proceedings after filing of the charge-sheet. According to respondent No. 2, instead of cooperating with the investigation and facing the trial, the petitioners have adopted dilatory tactics with a view to obstruct and prolong the criminal prosecution.

15. Learned counsel for respondent No. 2 lastly submits that the investigating agency, after conducting a detailed investigation and collecting sufficient material, has filed the charge-sheet against the petitioners. Since the allegations disclose commission of cognizable offences requiring appreciation of evidence during trial, no case is made out for exercise of the inherent jurisdiction of this Hon'ble Court under Section 482 of the Cr.P.C. (now under Section 528 of the BNSS).

16. We have heard learned counsel for the parties and perused the material available on record.

17. The legal position on the issue of quashing of criminal proceedings is well-settled that the jurisdiction to quash a complaint, FIR or a charge-sheet should be exercised sparingly and only in exceptional cases and Courts should not ordinarily interfere with the investigations of cognizable offences. However, where the allegations made in the FIR or the complaint even if 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, the FIR or the charge-sheet may be quashed in exercise of powers under Article 226 or inherent powers under Section 482 of the Cr.P.C. (now Section 528 of the BNSS).

18. The Hon'ble Supreme Court in the matters of ***Rupan Deol Bajaj v. K.P.S. Gill*** reported in ***(1995) SCC (Cri) 1059***, ***Rajesh Bajaj v. State of NCT of Delhi*** reported in ***(1999) 3 SCC 259*** and ***Medchl Chemicals & Pharma (P) Ltd. v. Biological E Ltd. & Ors*** reported in ***2000 SCC (Cri) 615***, the Supreme Court clearly held that if a prima facie case is made out disclosing the ingredients of the offence, Court should not quash the complaint. However, it was held that if the allegations do not constitute any offence as alleged and appear to be patently absurd and improbable, Court should not hesitate to quash the complaint. The note of caution was reiterated that while considering such petitions the Courts should be very circumspect, conscious and careful. Thus, there is no controversy about the legal proposition that in case a prima facie case is made out, the FIR or the proceedings in consequence thereof cannot be quashed.

19. In ***Neeharika Infrastructure Pvt. Ltd. v. State of Maharashtra, 2021 SCC OnLine SC 315***, the Hon'ble Supreme Court has authoritatively settled the scope of the inherent jurisdiction of the High Court under Section 482 of the Code of Criminal Procedure, 1973 (now Section 528 of the BNSS). The Hon'ble Apex Court has held that the power to quash criminal proceedings is required to be exercised sparingly, with circumspection and only in the rarest of rare cases. It has been categorically observed that while considering a prayer for quashing an FIR or criminal proceedings, the High Court cannot embark upon an enquiry into the reliability, genuineness or otherwise of the allegations contained in the FIR, nor can it appreciate the evidence or conduct a mini trial. The Court is only required to examine whether the allegations, if taken at their face value, disclose the commission of a cognizable offence. The Supreme Court further emphasized that criminal proceedings ought not to be scuttled at the threshold, that investigation into cognizable offences should ordinarily be permitted to proceed unhindered, and that the extraordinary jurisdiction under Section 482 Cr.P.C. must be exercised with great caution and self-restraint, save in exceptional cases where non-interference would result in manifest miscarriage of justice.

20. Very recently, in ***Pradeep Kumar Kesharwani v. State of Uttar Pradesh & Another (Criminal Appeal No. 3831 of 2025, decided on 02.09.2025)***, the Hon'ble Supreme Court reiterated the aforesaid principles and further held that while exercising jurisdiction under Section 482 Cr.P.C. (now Section 528 of the BNSS), the High Court cannot adjudicate disputed questions of fact or evaluate the evidentiary worth of the material collected during investigation. The Court reaffirmed the test laid down in Rajiv Thapar v. Madan Lal Kapoor and observed that criminal proceedings can be quashed at the threshold only when the material relied upon by the accused is of sterling and impeccable quality, completely demolishes the prosecution case, remains incapable of being refuted by the prosecution, and continuation of the criminal proceedings would amount to an abuse of the process of Court. Unless all these parameters are cumulatively satisfied, the High Court ought not to interfere in exercise of its inherent jurisdiction, leaving the parties to establish their respective cases before the trial Court in accordance with law.

21. Upon careful perusal of the FIR, the charge-sheet and the material collected during investigation, this Court finds that the dispute between the parties admittedly emanates from the MOU dated 21.02.2020 executed in relation to the proposed transfer of the Seirra Group of Companies. While the petitioners contend that the dispute is purely contractual in nature arising out of the alleged failure of respondent No. 2 to honour the terms of the MOU, respondent No. 2 alleges that he was induced to invest substantial amounts by deliberate suppression of material facts, concealment of liabilities, misrepresentation regarding the financial status of the Companies and by relying upon forged Board Resolutions to create an impression that petitioner No. 2 was duly authorised to negotiate and conclude the transaction. The investigation has resulted in collection of documentary as well as oral evidence in support of the prosecution case and, on being satisfied that a prima facie case is made out, the investigating agency has submitted the charge-sheet before the competent Court.

22. The principal contention advanced on behalf of the petitioners is that the dispute is essentially civil and commercial in nature and, therefore, continuation of the criminal proceedings would amount to abuse of the process of law. It is true that the mere existence of a contractual relationship or availability of a civil remedy does not, by itself, bar criminal prosecution. Equally well settled is the principle that where the allegations disclose the necessary ingredients of a cognizable offence, criminal proceedings cannot be interdicted merely because the transaction also gives rise to civil consequences. Whether the allegations ultimately stand proved is a matter to be determined during trial and not while exercising jurisdiction under Section 482 of the Cr.P.C. (now under Section 528 of the BNSS).

23. The submission that the MOU contains an arbitration clause and, therefore, respondent No. 2 ought to have invoked arbitration instead of setting the criminal law in motion, also cannot be accepted at this stage. The existence of an arbitration agreement does not create an embargo upon criminal prosecution where the allegations disclose commission of cognizable offences. Likewise, the contention that no preliminary enquiry was conducted before registration of the FIR, the allegation regarding fabrication of the Board Resolutions, the challenge to invocation of Section 201 IPC and the plea that respondent No. 2 himself committed breach of the MOU are all matters which are seriously disputed by the parties and necessarily require appreciation of evidence. This Court cannot undertake such an exercise while exercising its inherent jurisdiction.

24. This Court also finds that the defence sought to be projected by the petitioners is founded upon various documents and surrounding circumstances which are disputed by respondent No. 2. Whether respondent No. 2 had complete knowledge of the financial liabilities of the companies, whether the entire shareholding pledged with SREI was disclosed prior to execution of the MOU, whether the Board Resolutions were genuine or fabricated, whether dishonest intention existed from the inception of the transaction and whether the ingredients of the offences alleged are ultimately established are all questions which can only be adjudicated upon after parties lead evidence before the learned trial Court. Acceptance of the petitioners' submissions at this stage would necessarily require this Court to evaluate the evidentiary value of the documents relied upon by both sides and record findings on disputed questions of fact, which is wholly impermissible under Section 482 of the Cr.P.C. (now under Section 528 of the BNSS).

25. Applying the principles laid down by the Hon'ble Supreme Court in ***Bhajan Lal*** (supra), ***Neeharika*** (supra), and ***Pradeep Kumar Kesharwani*** (supra), this Court is unable to hold that the allegations made in the FIR and the material collected during investigation are so absurd, inherently improbable or devoid of the basic ingredients of the offences alleged as to warrant quashing of the criminal proceedings at the threshold. At this stage, this Court is only required to examine whether a prima facie case is disclosed and not whether the prosecution will ultimately succeed in securing conviction. The material collected during investigation cannot be said to be wholly insufficient so as to justify exercise of the extraordinary jurisdiction under Section 482 of the Cr.P.C. (now under Section 528 of the BNSS).

26. It has also been brought to the notice of this Court that the Sessions Trial is fixed on 03.09.2026 for recording the evidence of the prosecution witnesses. Learned counsel appearing for respondent No. 2 has fairly undertaken before this Court that all the prosecution witnesses, including respondent No. 2/complainant, shall remain present before the learned trial Court on the said date and shall fully cooperate in the expeditious conduct of the trial. The said undertaking is taken on record and respondent No. 2 shall remain bound by the same.

27. In view of the aforesaid discussion, this Court is of the considered opinion that the present case does not fall within any of the well-recognised categories warranting interference in exercise of the inherent jurisdiction under Section 482 of the Cr.P.C. (now Section 528 of the BNSS). The grounds urged by the petitioners involve disputed questions of fact, which require appreciation of oral and documentary evidence and cannot be adjudicated in proceedings of the present nature. Since the investigation has culminated in submission of the charge-sheet, charges have already been framed against the petitioners on 13.03.2024, and the material collected during investigation discloses a prima facie case for proceeding against them, no case is made out for quashing the criminal proceedings. Accordingly, the present petition, being devoid of merit, is liable to be and is hereby **dismissed**.

28. It is, however, clarified that the observations made herein are confined solely to the adjudication of the present petition under Section 482 of the Cr.P.C. (now Section 528 of the BNSS), and shall not be construed as an expression of opinion on the merits of the prosecution case. The learned trial Court shall proceed with the Sessions Trial independently and decide the same strictly in accordance with law, uninfluenced by any observations made in this order.

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

Sd/-	**Sd/-**
(Ravindra Kumar Agrawal)	**(Ramesh Sinha)**
Judge	**Chief Justice**

Brijmohan