

RAJASTHAN HIGH COURT

सत्यमेव जयते

HIGH COURT OF JUDICATURE FOR RAJASTHAN AT
JODHPUR

S.B. Criminal Miscellaneous (Petition) No. 2181/2026

Yash Chauhan S/o Late Shri Prabhash Kumar Singh, Aged About 35 Years, R/o 1-13/3, Renusagar Colony, Sonbhadra, Uttar Pradesh.

-----Petitioner

Versus

1. State Of Rajasthan, Through Pp
2. Aarif Ali S/o Yunus Ali Habib, Aged About 40 Years, Proprietor H.n.r Power Tool Office, Gulmohar Chowlk, New Ashwini Bazar, Dhanmandi, Udaipur And Resident Of 19, Kharol Colony Gali No. 3, Old Fatahpura, Udaipur, Ambamata, Udaipur.

-----Respondents

For Petitioner(s)	:	Mr. Munender Singh
For Respondent(s)	:	Mr. Ramesh Dewasi, PP Mr. Shambhoo Singh for respondent No.2.

HON'BLE MR. JUSTICE BALJINDER SINGH SANDHU

Order

29/04/2026

The present criminal misc. petition has been filed by the petitioner under Section 528 BNSS for quashing of FIR No.24/2022 registered at Police Station Dhanmandi, District Udaipur for the offences under Section 420 and 406 of IPC.

Learned counsel for the petitioner submits that the matter is of civil nature and involvement of the petitioner has not been found. Further he relied upon the judgment passed by Coordinate Bench of this Court in CRLMP No.3002/2022 dated 08.08.2024, by which the proceedings against the other co-accused namely the company as well as Directors have been quashed and set aside.

He further submits that his case is akin to the co-accused and hence the FIR deserves to be quashed and set-aside.

Learned counsel for the complainant submits that the case is different from the case of other co-accused and the Coordinate Bench has not quashed the proceedings against the present petitioner.

Learned Public Prosecutor submitted a factual report dated 19.03.2026, the same is taken on record. He further submits that after investigation, involvement of the petitioner has been found and he further submits that the petitioner is the one who has forged the bill and thereafter diverted the material and thereafter sold in the open market.

This Court has considered the arguments raised by the counsel for the petitioner as well as gone through the record and the order passed by the Coordinate Bench of this Court dated 08.08.2024. The Coordinate Bench has quashed the proceedings qua company as well as Directors on the ground that the same was a commercial transaction and the dispute relates to supply of Generic Ferro Manganese by the complainant to M/s Rimjhim on the basis of the purchase order issued by the two ex-employees of the company. It is also recorded that there is nothing on record to show that the goods were entrusted to the petitioner company or it had control or possession of the goods. The relevant paras of judgment passed by Coordinate Bench are as follows:

"13. The alleged purchase order was placed by one Yash Chauhan and Hari Narayan, who are stated now to be ex-employees of the Company. Stand taken is that they have forged the purchase order. The original purchase order and forged one have same reference number, and two separate purchase

orders cannot have same reference number. It transpires that the Petitioner no.1, i.e., the Company, on discovery of the said forgery, subsequently also lodged a police complaint dated 28.12.2021 against Yash Chauhan and Hari Narayan, followed by a criminal complaint under section 200 of the Cr.P.C before the competent court at Gurugram.

14. It is also noteworthy that there is no other formal written communication between Petitioner Company and the Complainant regarding the said purchase order, except the purported purchase order prepared by Yash Chauhan and Hari Narayan. A legal notice dated 22.12.2021 was also served to the Company for recovery of money.

16. The controversy at the heart of this FIR is, therefore, inherently civil, stemming from a commercial transaction. **The entire dispute relates to supply of HC Ferro Manganese by the Complainant to M/s Rimjhim Ispaat on the basis of a purchase order, forged or not, issued by two ex-employees of the Company.** The FIR seems to be a coercive recovery tactic to create pressure for causing recovery of money. The complainant himself acknowledged prior discussion/negotiations between his firm and the accused company. The core issue is the alleged non-payment for delivered goods by the petitioners. FIRs in such purely contractual disputes blur the line between civil and criminal law. Misuse of police powers by criminalizing what should be resolved in a civil court deserves to be deprecated, to say the least.

17. Moreover, to justify criminal charges under Sections 420 (cheating) and 406 (criminal breach of trust), there must be inducement to cheat and a clear demonstration of dishonest or fraudulent intent from the beginning of the transaction and entrustment of property belonging to complainant so as to breach his trust. Both the offences, in any case, are antithetical. The alleged delivery of the goods by truck containing HC Ferro Manganese was made to M/s Rimjhim Ispaat by the Complainant. Therefore, there was no entrustment of property to the Petitioner Company. There is no allegation in the FIR as to how the Complainant was induced or promised to believe any misrepresentation with prior intention of cheating by the Petitioner Company or its Directors and Company Secretary.

20. Applying the ratio of the judgment, *ibid*, the facts of the present case, as stated in the FIR, do not indicate any fraudulent intent or misrepresentation or inducement or entrustment at the time of initiating the transaction by or on behalf of the petitioners. The FIR is based on an after-the-fact non-payment dispute, which lacks the essential elements of criminality, such as deception or intent to cheat, at the outset. **At the cost of repetition, the complainant has delivered the goods to a third party, M/s Rimjhim Ispat, and there was no direct entrustment of goods to the petitioner company.** This fact completely undermines the charge of criminal breach of trust, as there was no evidence that the

petitioner company ever had control or possession of the goods. Besides, as already held, there is no indication of any misrepresentation or inducement on the part of the petitioner company to support the charge of cheating.

21.To sum up, the FIR appears to be an abuse of police powers, converting a purely civil dispute into a criminal matter without any basis for such action. The existence of a civil suit, lack of criminal intent, third-party involvement, and inclusion of individuals not connected to the alleged offence makes it a fit case for quashing the FIR qua the petitioners herein.

22.In view of the aforesaid, the instant petition is allowed.”

Therefore, the order reveals that the Court has specifically quashed the FIR only qua the company and its Directors, i.e., accused Nos. 1 to 3 and 6 to 8. The Court has taken cognizance of the fact that the bills were forged by two ex-employees of the company, one of whom is the petitioner in the present case.

In such circumstances, the quashing of the FIR was undertaken with the conscious understanding that it applied only to the company and its Directors, who were not found to be involved in the transaction or in the forgery of the bills, and therefore were not connected with the alleged offences in the FIR. The Coordinate Bench of this Court while exercising due caution, did not quash the proceedings qua the ex-employees, i.e., the petitioners herein, who are accused Nos. 4 and 5.

Upon investigation, the involvement of the petitioner has been found to be established. The case against the petitioners is that they forged the bills and thereafter diverted the material and sold the same in the open market. The factual report of the investigation dated 19.03.2026, placed on record by the learned Public Prosecutor, clearly reveals that the alleged purchase order was generated by the petitioner, namely Yash Chouhan and one

Hari Narayan, and on the basis of the forged purchase order, material was diverted.

As a result, it is evident that the petitioners were involved in the creation of forged documents and the misappropriation of material delivered in pursuant thereto. Accordingly, the investigating agency has found that the petitioner has committed offences under Sections 420, 406, 467, 468, 471, and 120-B of the IPC.

In these circumstances, the petitioner is the principal accused, and his case cannot be said to be identical to that of the other co-accused against whom the FIR has been quashed by the Coordinate Bench of this Court in CRLMP No. 3002/2022.

In view of the same, this Court clearly finds the involvement of the petitioner and hence no case of interference is made out.

Accordingly, the present criminal misc. petition is dismissed.

All pending application(s), if any, also stand disposed of.

(BALJINDER SINGH SANDHU),J