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MCRC-4819-2025

IN THE HIGH COURT OF MADHYA PRADESH
AT JABALPUR

BEFORE

HON'BLE SHRI JUSTICE B. P. SHARMA

ON THE 30th OF APRIL, 2026MISC. CRIMINAL CASE No. 4819 of 2025*PANKAJ SARAF**Versus**THE STATE OF MADHYA PRADESH AND OTHERS*

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Appearance:

Shri Arihant Tiwari - Advocate for the petitioner.

Shri Swatantra Pandey - PL for respondent/State.

Ms. Dolly Soni- Advocate for the respondent [R-2].

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ORDER

The present petition has been preferred by the petitioner under Section 482 of the Code of Criminal Procedure/Section 528 of the Bharatiya Nagarik Suraksha Sanhita invoking the inherent jurisdiction of this Court seeking quashment of FIR bearing Crime No. 536/2024 registered at Police Station Lordganj, District Jabalpur for offences punishable under Sections 420, 409, 294 and 506(2) of the Indian Penal Code together with the consequential charge-sheet and all subsequent proceedings arising therefrom.

2. The facts giving rise to the present petition, briefly stated, are that the petitioner is engaged in the business of real estate development and colonization activities within District Jabalpur. The material available on record reflects that the petitioner entered into a Memorandum of Agreement dated 17.12.2019 with M/s Anant Investment represented through its



authorized persons in relation to development of a residential colony known as “Anant Parishar” situated over certain parcels of land at Mauja Madhotel, Jabalpur. The said agreement was executed in terms of the provisions governing development agreements and forms part of the record before this Court.

3. Subsequently, on 21.01.2020, another agreement came to be executed between the petitioner and respondent No.2/complainant in relation to developmental activities pertaining to another property project. According to the petitioner, respondent No.2 was entrusted with certain responsibilities relating to development and supervision of the project, however disputes gradually arose between the parties concerning performance of contractual obligations and settlement of accounts. The material further reveals that another Agreement-cum-Consent Deed dated 27.12.2021 was also executed between the petitioner and the complainant with regard to property belonging to M/s Anant Investment.

4. The petitioner has asserted that differences arose between the parties regarding execution of obligations under the agreements, investment of amounts, transfer of plots and financial settlements connected with the development projects. It is the case of the petitioner that prior to registration of the impugned FIR, complaints had already been submitted by the petitioner before the police authorities alleging fraudulent conduct and breach of trust on the part of the complainant.

5. The FIR in question came to be registered on 25.10.2024 at Police Station Lordganj, District Jabalpur for offences punishable under Sections



420, 409, 294 and 506(2) IPC. The allegations contained in the FIR are broadly to the effect that the complainant had invested certain amounts with the petitioner in relation to development projects and that the petitioner dishonestly transferred seven plots in his own name thereby causing wrongful loss to the complainant. The FIR further alleges that amounts paid by the complainant were misappropriated by the petitioner.

6. The contents of the FIR is hereby reproduced as under:

“यह की मैं सत्यम होम्स ड्रीम प्रोजेक्ट लिमिटेड कंपनी का डायरेक्टर हूँ, सत्यम होम्स का कार्य भूमि के मालिक के प्लॉट का डेवलपमेंट कर विक्रय और मकान निर्माण का है। मेरे द्वारा अनंत परिसर, खसरा नंबर 134/2 का रकवा .429 हेक्टेयर एवं खसरा नंबर 127 का भाग 127/2 व 127/3 रकवा 2330 वर्गफीट इस प्रकार कुल भूमि 48487 वर्गफीट भूमि का अनुबंध श्री शैलेश जैन एवं प्रकाश अग्रवाल से दिनांक 02-12-2019 को प्लॉट का डेवलपमेंट कर विक्रय करने हेतु 970 रूपए प्रति वर्गफीट की दर से किया गया था। परन्तु उक्त भूमि सिर्फ डाइवर्टेड होने तथा टी एंड सी पी न होने के कारण नक्से पास नहीं हो पाए जिस वजह से भूमि का विक्रय उस समय नहीं हुआ। फिर मुझे साइट को टी एंड सी पी करना था तो मैंने मित्रता वश पंकज सराफ को अपना कोलोनाइजर लाइसेंस लगाकर अपने साथ पार्टनर के रूप में 50-50% का भागीदार बनाकर कार्य करना शुरू किया। भागीदारी की समस्त शर्तें एवं लेन देन गोलबाजार में विशाल सिंह सोलंकी के आफिस में संदीप ठाकुर विकासकर्ता और पंकज सराफ कोलोनाइजर के रूप में एक एग्रीमेंट अनंत इन्वेस्टमेंट जिसमें शैलेश जैन और प्रकाश अग्रवाल से किया गया था। इस अनुबंध के बाद पंकज सराफ और मेरे बीच में आपसी भागीदारी अनुबंध हुआ और जिस दिन यह अनबंध हम दोनों ने किया उस दिन तक मेरे 52 लाख और पंकज सराफ के 52 लाख सामुहिक रूप से लगाये जा चुके थे जिसका उल्लेख एग्रीमेंट में किया गया है। 1065 वर्गफिट के हिसाब में से एक जमीन मालिक प्रकाश अग्रवाल को उसके हिस्से के रूपये पहले 1,54,50,000/- रूपये देना शैलेश जैन और प्रकाश अग्रवाल की आपसी सहमति से तय हुआ है जिसका मेरे व पंकज सराफ के द्वारा 15-15 लाख के चेक द्वारा तथा 13 प्लॉटो (11421 वर्गफिट) का विक्रय कर किया गया विक्रय कर अनंत इन्वेस्टमेंट के खाते में लगभग 83 लाख 70 हजार रूपये आये तथा अनंत इन्वेस्टमेंट जिसमें से अनंत इन्वेस्टमेंट के पार्टनर प्रकाश अग्रवाल ने 81 लाख रूपये ले लिये मैंने पंकज सराफ के कहने पर 20 लाख रूपये शैलेश जैन से उधार लेकर प्रकाश अग्रवाल को भुगतान किया है जिसका लिखित अनुबंध है और अनुबंध में



पंकज सराफ स्वयं साक्षी है, तथा प्रकाश अग्रवाल अनंत इनवेस्टमेंट फर्म से अपना हिस्सा लेकर अलग हो गये। पंकज सराफ द्वारा बेइमानी पूर्वक कपट करते हुए मुझे यह विश्वास दिलाया गया था कि अभी आप प्रकाश अग्रवाल को बाकि की बची रकम 23 लाख 50 हजार रुपये अभी आप दे दो भविष्य में बची हुई भूमि के विक्रय से जो भी लाभ प्राप्त होगा उसमें से आपको लाभ सहित वापस कर दूंगा। अनंत परिसर के डेवलपमेंट के लिये धनराशि की आवश्यकता थी तब भी मेरे द्वारा पंकज सराफ से कहा गया कि पूर्व में आपने अलग अलग अवसर पर धनराशि प्राप्त कर ली है परन्तु मेरे द्वारा कई बार मांगे जाने पर भी वापिस नहीं की तो आप ही अनंत परिसर के विकास कार्यों के लिये भुगतान करे परन्तु पंकज सराफ के द्वारा बेइमानी पूर्वक विश्वास दिलाया गया कि मैं आपसे ली हुई संपूर्ण धनराशि का भुगतान कर दूंगा। अभी आप विकास कार्यों में होने वाले खर्चों का भुगतान कर दे तब मैंने पंकज सराफ के झांसे में आकर पुनः 15 लाख रुपये नगद लगा दिया। इस प्रकार से मैंने पंकज सराफ के कहने पर तीन बार मैं 52 लाख रुपये, 15 लाख रुपये, एवं 25 लाख रुपये इस तरह मेरे द्वारा 92,00,000/- रुपये (अंकन बान्न्वे लाख रुपये) का भुगतान नगद और चैक के माध्यम से किया गया है। अब इसके कुछ समय बाद दूसरे भूमि स्वामी शैलेश जैन से मैंने कहा कि शेष बची हुई भूमि की धनराशि भी आप हमेशा प्राप्त कर ले इस दौरान पंकज सराफ भी उपस्थित था इसी दौरान मेरे छोटे भाई का स्वास्थ्य ज्यादा खराब होने से मैं लगातार उसका इलाज नागपुर, हैदराबाद में ले जाकर करवाता रहा तो पंकज सराफ मुझसे बोला की आप अभी अस्पताल में व्यस्त हो आप मुझे नगद पैसे दे दो तो मैं शैलेश जैन को अपने खाता से पैसे दे देता हूं जो पैसे आप मुझे दे रहे है उसके लिये मैं होने वाले लाभ से अधिक धनराशि आपको वापस दूंगा। इस प्रकार पंकज सराफ ने मुझे विश्वास दिलाकर कपट पूर्वक मेरे से 25 लाख रुपये ले लिये जो आज दिनांक तक वापस ना करके मुझे सदोष हानि कारित की और मेरे भाई के इलाज में मेरे व्यस्थ होने का कपट पूर्वक फायदा उठाकर पंकज सराफ ने मेरे द्वारा धनराशि से अनंत परिसर के 07 प्लाटों अपने नाम पर छल पूर्वक कर लियो उसकी जानकारी मुझे बाद में पता लगी तब मैंने पंकज सराफ से कहा कि मैं तुम्हारे विश्वास में था तुमने मेरे साथ ऐसा क्यों किया तब पंकज सराफ ने मुझसे कहा कि मुझे शैलेश जैन को रूपया देना था इस वजह से मैंने प्लाटो को अपने नाम पर करा लिया हैं मैं तुम्हारा रूपया जो प्लाटों का है अपने नाम पर करा लिया है। उन प्लाटो को विक्रय कर तुम्हारा रूपया दे दूंगा। अनुबंध में अपनी लिखित शर्तों के अनुसार 50%-50% के हिसाब जो अपना अपना लिखित अनुबंध है उसके अनुरूप आपस में अपन दोनों बांट लेंगे। तब मैंने उस पर भरोसा कर लिया। लेकिन पंकज सराफ द्वारा मुझे आज दिनांक तक रूपया वापिस नहीं किया गया है। और मेरे साथ साजिश के तहत छलपूर्वक धोखाधड़ी करते हुये रूपया हड़प लिया है। और पंकज सराफ



की देने की कोई नियत नहीं है। विगत दो वर्षों से लगातार मेरे द्वारा पंकज सराफ से अपने हिस्से की लाभ सहित कुल राशि 01,49,35,750/- रुपये (एक करोड़ उन्चास लाख पैंतीस हजार सात सौ पचास रुपये) की मांग की गई तो प्रारंभ में वह टालता रहा कुछ समय पहले मुझे दमोह नाका, गोहलपुर में पंकज सराफ मिला जहां शैलेश जैन, विशाल सिंह सोलंकी भी मेरे साथ थे मैंने पंकज सराफ से कहा मुझे मेरे पैसे वापस दो तो उसने मुझे माँ बहन की गंदी गंदी गाली दी और मेरे पैसे देने से मना कर करते हुये बोला की लगता है कि तुम मुझे ठीक से नहीं जानते अब दोबारा पैसे मांगे तो ध्यान रखना तुझे जान से खत्म करवा दूंगा। धन्यवाद दिनांक 19/12/2023.”

7. Learned counsel has submitted that the impugned FIR and the consequential criminal proceedings are nothing but a gross misuse of the criminal machinery in respect of a dispute which is purely civil, contractual and commercial in nature. It was argued that the entire controversy emanates from development agreements, financial arrangements, settlement of accounts and transfer of plots arising out of business transactions between the parties and therefore the essential ingredients constituting offences punishable under Sections 420 and 409 IPC are wholly absent from the record.

8. Learned counsel contended that the FIR itself reflects admitted commercial dealings and contractual arrangements between the parties and therefore the attempt made by respondent No.2 is only to impart criminal colour to a dispute which essentially pertains to contractual obligations and civil liabilities. It was submitted that mere non-performance of contractual terms, disputes regarding financial settlement or alleged breach of agreement cannot automatically constitute criminal offences in absence of fraudulent or dishonest intention from the inception of the transaction.

9. Learned counsel further submitted that the allegations concerning



investment amounts and transfer of plots are matters intrinsically connected with the contractual arrangements executed between the parties and the same can only be adjudicated before a competent civil court. It was argued that no material whatsoever exists to indicate that the petitioner possessed dishonest intention at the very inception of the transaction or that any fraudulent inducement was extended to the complainant at the time of entering into the agreements. In support of the contention that a purely civil dispute or breach of contract cannot be converted into criminal prosecution in absence of dishonest intention from inception, learned counsel placed reliance upon the judgments rendered in the case of **Hridaya Ranjan Prasad Verma & Ors. vs. State of Bihar & Anr. (2000) 4 SCC 168**, **Sarabjit Kaur vs. State of Punjab & Anr. (2023) 5 SCC 360** and **V.Y. Jose & Anr. vs. State of Gujarat (2009) 3 SCC 378**. Learned counsel submitted that the aforesaid judgments consistently hold that mere breach of contractual obligations, non-payment of money or failure to honour commercial commitments would not constitute offences of cheating or criminal breach of trust unless fraudulent intention existed from the inception of the transaction.

10. Learned counsel further argued that the High Court, while exercising powers under Section 482 Cr.P.C., is duty bound to prevent abuse of the criminal process where disputes which are essentially civil in nature are deliberately sought to be given a criminal complexion. In this regard, reliance was placed in the case of **Naresh Kumar & Anr. vs. State of Karnataka & Anr. SLP (Crl.) No. 1570 of 2021** and **Paramjeet Batra vs. State of Uttarakhand & Ors. (2013) 11 SCC 673**. It was submitted that the ratio



laid down in the aforesaid judgments clearly establishes that where the ingredients of criminal offences are absent and the dispute is predominantly civil and commercial in nature, continuation of criminal proceedings amounts to abuse of process of law and warrants interference under Section 482 Cr.P.C.

11. Learned counsel additionally submitted that the essential ingredient of “entrustment” required for attracting the offence of criminal breach of trust is completely absent in the present case. It was argued that the relationship between the parties was purely commercial and contractual and therefore no fiduciary entrustment in the legal sense ever existed between them. In support of the aforesaid contention, reliance was placed in the case of **MNG Bharateesh Reddy vs. Ramesh Ranganathan & Anr. Criminal Appeal No. 1273 of 2022, Supreme Court of India** and **N. Raghavender vs. State of Andhra Pradesh (2021) 18 SCC 70**. Learned counsel submitted that the aforesaid judgments clearly distinguish civil disputes arising from contractual arrangements from offences involving criminal breach of trust and hold that in absence of entrustment and criminal intent, criminal prosecution is not maintainable.

12. Learned counsel also submitted that criminal proceedings cannot be utilized as an instrument of harassment, intimidation or coercion in private commercial disputes. In support of the said contention, reliance was placed in the case of **Mithesh Kumar J. Sha vs. State of Karnataka SLP (Crl.) No. 9871/2019**. Learned counsel argued that the criminal justice system cannot be permitted to become a weapon for arm-twisting or private vendetta



in matters arising out of civil and commercial transactions.

13. *Per contra*, learned Government Advocate appearing on behalf of the State as well as learned counsel appearing for respondent No.2 opposed the petition and contended that the FIR and the material collected during investigation clearly disclose commission of cognizable offences and therefore no interference is warranted at the present stage. The petitioner induced the complainant to part with substantial amounts of money on the assurance that the same would be utilized for development activities and profits arising therefrom would be shared equally between the parties. It was argued that after obtaining financial benefits from the complainant, the petitioner dishonestly transferred seven plots in his own name and thereby caused wrongful loss to respondent No.2.

14. Learned counsel further submitted that the allegations contained in the FIR disclose not merely a civil dispute but a clear case involving cheating, criminal breach of trust and dishonest misappropriation of property. According to respondent No.2, the petitioner acted in the capacity of an agent and merchant and therefore the provisions of Section 409 IPC are clearly attracted. It was further argued that the powers under Section 482 Cr.P.C. are limited in scope and at the stage of quashing the Court cannot undertake meticulous appreciation of disputed facts or evaluate the defence sought to be raised by the accused. Learned counsel submitted that the allegations made in the FIR and the material collected during investigation are sufficient to proceed against the petitioner and therefore the truthfulness or otherwise of the allegations can only be adjudicated during trial.



15. Learned counsel for respondent No.2 placed reliance upon the judgments of the Hon'ble Supreme Court in the case of **Neeharika Infrastructure Pvt. Ltd. vs. State of Maharashtra 2021 SCC OnLine SC 315** and **State of Haryana vs. Bhajan Lal 1992 Supp (1) SCC 335** contending that the inherent jurisdiction of the High Court should be exercised sparingly and criminal proceedings ought not to be scuttled at the threshold where the FIR prima facie discloses commission of cognizable offences.

16. This Court has given thoughtful consideration to the rival submissions advanced by learned counsel for the parties and has carefully perused the FIR and material collected during the investigation. Upon a comprehensive examination of the material available on record, this Court is of the considered opinion that the present case falls within the category of disputes where a purely civil and contractual controversy has been sought to be converted into a criminal prosecution with an oblique purpose of exerting pressure upon the petitioner.

17. At the very outset, it is necessary to note that the foundational facts of the present case are undisputed to the extent that the relationship between the parties arose from commercial dealings and development agreements executed in relation to real estate projects. The documents placed on record clearly reveal that the petitioner and respondent No.2 were involved in business transactions concerning development of property and financial arrangements arising therefrom. Therefore, the genesis of the dispute itself is rooted in contractual obligations and commercial transactions.



18. The principal allegation levelled in the FIR is that the petitioner dishonestly transferred seven plots in his own name and failed to honour the financial understanding between the parties. However, from a bare reading of the FIR and the documents accompanying the same, it becomes abundantly clear that the allegations pertain to disputes regarding refund of the consideration of the respondents, which was assured by the petitioner to return the same. Such disputes are quintessentially civil in character and are amenable to adjudication before competent civil courts.

19. The judgment rendered by the Hon'ble Supreme Court in the case of *Hridaya Ranjan Prasad Verma (supra)* assumes considerable significance in the present case. The Hon'ble Supreme Court in the said judgment drew a clear distinction between mere breach of contract and the offence of cheating punishable under Section 420 IPC. The Court emphatically held that in order to constitute the offence of cheating, fraudulent or dishonest intention must exist at the very inception of the transaction. Mere failure to fulfil a promise subsequently or mere breach of contractual obligations would not amount to cheating unless the intention to deceive existed from the very beginning.

20. Applying the aforesaid ratio to the facts of the present case, this Court finds that there is absolutely no material in the FIR indicating that at the time when the agreements were entered into, the petitioner possessed any dishonest or fraudulent intention to deceive respondent No.2. On the contrary, the material placed before the Court demonstrates that the parties were engaged in continuing commercial relations over a considerable period



of time involving execution of multiple agreements and financial transactions. The allegations subsequently raised regarding transfer of plots and settlement of accounts may at best give rise to civil consequences but cannot by themselves constitute the offence of cheating.

21. The same principle has consistently been reiterated by the Hon'ble Supreme Court in *Sarabjit Kaur (supra) & V.Y. Jose (supra)* wherein the Supreme Court repeatedly cautioned against converting contractual disputes into criminal prosecutions in absence of dishonest intention from inception. The consistent judicial view emerging from the aforesaid judgments is that criminal law cannot be invoked merely because one party alleges non-performance of contractual obligations or seeks recovery of money arising from commercial transactions.

22. This Court further finds substantial force in the contention advanced on behalf of the petitioner that the offence under Section 409 IPC is also not made out. The offence of criminal breach of trust necessarily requires entrustment of property coupled with dishonest misappropriation thereof. In the present matter, the relationship between the parties was admittedly that of persons engaged in commercial dealings arising from development agreements and property transactions. The material available on record nowhere demonstrates entrustment of property in the legal sense contemplated under Section 409 IPC. The judgments rendered in *MNG Bharateesh Reddy (supra) and N. Raghavender (supra)* clearly explain that in commercial and contractual disputes, unless the basic ingredients of entrustment and criminal intent are specifically established, prosecution for



criminal breach of trust cannot be sustained. In the present case, the allegations concerning controversies between the parties regarding the non-refund of the balanced amount arise entirely from business arrangements and do not satisfy the statutory ingredients necessary for constituting criminal breach of trust.

23. This Court also cannot ignore the repeated observations made by the Hon'ble Supreme Court regarding the alarming tendency of converting civil disputes into criminal cases merely to apply pressure upon the opposite party. In the case of **A.M. Mohan v. State represented by SHO & Anr. SLP (Crl.) No. 9598 of 2022** and **Rikhab Birani & Anr. vs. State of U.P. & Anr. SLP (Crl.) No. 8592 of 2024**, the Supreme Court strongly deprecated the misuse of criminal law in commercial matters and observed that criminal proceedings cannot be permitted to become instruments for arm-twisting or coercive recovery in matters arising out of contractual obligations. The Supreme Court in ***Rikhab Birani (supra)*** specifically expressed concern regarding the increasing tendency of registering FIRs and filing charge-sheets in disputes which are overwhelmingly civil in nature.

24. The ratio laid down in the case of ***Paramjeet Batra (supra)***, ***Prof. R.K. Vijayasarithi (supra)*** and ***Naresh Kumar (supra)*** further fortifies the conclusion arrived at by this Court. The aforesaid judgments consistently hold that where the dispute is predominantly civil and the ingredients of criminal offences are absent from the very reading of the complaint or FIR, the High Court would be justified in exercising its inherent powers under Section 482 Cr.P.C. to prevent abuse of process of law. This Court is



conscious of the limitations governing exercise of jurisdiction under Section 482 Cr.P.C. as emphasized in the case of *Neeharika Infrastructure (supra)* and *Bhajan Lal (supra)* relied upon by the respondents. However, the said judgments themselves recognize that where the allegations contained in the FIR do not disclose the commission of cognizable offences or where the proceedings amount to abuse of process, the High Court would be fully justified in quashing the criminal proceedings.

25. In the present case, even if the allegations contained in the FIR are accepted in their entirety, no cognizable offence is made out. The allegations sought to be projected by respondent No.2 are essentially matters which can be adjudicated upon by a civil court on the basis of documentary evidence and contractual interpretation. Criminal law cannot be permitted to operate as a substitute for civil remedies. This Court also finds that the petitioner disclose that amounts allegedly invested by the complainant had already been returned through M/s Anant Investment on different dates. Whether further amounts remain payable or whether either party has violated the contractual arrangements are matters which undoubtedly require adjudication before a competent civil court and cannot furnish the basis for criminal prosecution in absence of foundational criminal ingredients.

26. In view of the aforesaid discussion, this Court is satisfied that the present prosecution is a clear attempt to impart criminal colour to a dispute which is fundamentally civil and contractual in nature. The FIR bearing Crime No. 536/2024 registered at Police Station Lordganj, District Jabalpur for offences punishable under Sections 420, 409, 294 and 506(2) IPC



together with the consequential charge-sheet and all subsequent criminal proceedings arising therefrom against the petitioner are hereby quashed. Any amount deposited by the petitioner before the trial Court shall be subject to final outcome of the Civil Court.

27. Accordingly, the present petition is hereby **allowed**.

(B. P. SHARMA)
JUDGE

PG