

ABC 2025 (II) 274 SC

ACQUITTAL &amp; BAIL CASES

SUPREME COURT OF INDIA

(J.B. Pardiwala &amp; R. Mahadevan, JJ.)

Criminal Appeal No.2963 of 2025

(Arising out of Special Leave Petition (Crl.) No.4880 of 2025)

Decided on 14 July 2025

SHAILESH KUMAR SINGH @ SHAILESHR. SINGH - Appellant(s).

Versus

STATE OF UTTAR PRADESH &amp; ORS. - Respondent(s).

**Law Covered:-**(A) *Bharatiya Nyaya Sanhita, 2023 -- Sections 60(b), 316(2) & 318(2) -- Quashing of FIR -- Civil Dispute Disguised as Criminal Offence -- Abuse of Process of Law -- Held, to constitute the offence of cheating, the intention to cheat must be present right from the inception -- A plain reading of the FIR did not disclose any element of criminality -- The dispute, arising from an oral agreement & alleged non-payment of money, was purely civil in nature -- Filing an FIR to recover money in a civil dispute amounts to an abuse of the process of law -- FIR quashed. (Paras 8-14, 16-17)*

(B) *Code of Criminal Procedure, 1973 -- Section 482 (Bharatiya Nagarik Suraksha Sanhita, 2023 -- Section 528) -- Inherent Powers of High Court -- Improper Exercise of -- High Court, in a petition for quashing an FIR, improperly directed the accused to pay a significant sum to the complainant as a precondition for mediation -- Held, the role of the High Court is to examine the averments in the FIR to determine if a cognizable offence is disclosed -- It is not the function of the High Court in such proceedings to aid the complainant in recovering alleged dues -- The impugned order was set aside. (Paras 11-13, 15)*

(C) *Code of Criminal Procedure, 1973 -- Section 482 (Bharatiya Nagarik Suraksha Sanhita, 2023 -- Section 528) -- Quashing of FIR -- Test for -- The principles laid down in State of Haryana & Ors. vs. Bhajan Lal & Ors. were reiterated -- The High Court failed to apply the well-settled test for quashing & instead adopted an erroneous approach by directing mediation with a payment precondition. (Para 15)*

(D) *Bharatiya Nyaya Sanhita, 2023 -- Section 318(2) -- Cheating -- Essential Ingredients of -- The Court relied upon the precedent set in Delhi Race Club (1940) Limited vs. State of Uttar*

a **Pradesh -- To make out a case of cheating, something more than a prima facie case must be on record to indicate that the accused had an intention to cheat the complainant from the very beginning. (Paras 9-10)**

b **Facts:-**The appellant approached the Supreme Court challenging an order of the Allahabad High Court. The appellant had filed a writ petition before the High Court seeking to quash an FIR registered against him under Sections 60(b), 316(2), & 318(2) of the Bharatiya Nyaya Sanhita, 2023. The case stemmed from a commercial dispute where the complainant alleged non-payment of funds based on an oral agreement.

c Instead of adjudicating on the merits of the quashing petition, the High Court referred the matter to mediation. Crucially, it directed the appellant to ~~h~~over a Demanddraft of ₹25 lakhs to the complainant as a precondition for the mediation process. The Supreme Court found this direction to be erroneous. It held that the High Court's primary duty was to examine the FIR to see if it disclosed a cognizable offence, not to facilitate recovery of alleged dues. The Supreme Court analyzed the FIR & found the dispute to be purely civil in nature, lacking the essential ingredients of cheating or criminal breach of trust. Consequently, the appeal was allowed, & the FIR was quashed, with liberty granted to the complainant to pursue civil remedies.

e **Law of relief:-**To make out a case of cheating, something more than a prima facie case must be on record to indicate that the accused had an intention to cheat the complainant from the very beginning.

f **Counsel:-**

**For Appellant(s):** Ms. Sana Raees Khan, Adv.

**For Respondent(s):** Mr. Anand Mishra, Adv. (for Respondent- No.4)

g **Cases Referred:-**

1. Delhi Race Club (1940) Ltd. vs. State of Uttar Pradesh: 2024 Supreme 689 (Paras 25, 28, 29 and 30) (Para 3)
2. Radheyshyam & ors vs. State of Rajasthan & another: Criminal Appeal No.3020 of 2024 decided on July 22, 2024 (Para 3)
- h 3. Delhi Race Club (1940) Limited vs. State of Uttar Pradesh: (2024) 10 SCC 690 (Para 11)
4. State of Haryana & Others vs. Bhajan Lal & Others: 1992 Supp. (1) SCC 335 (Para 15)

## **JUDGMENT**

*J.B. Pardiwala, J.:-*

1. Leave granted. a

2. This appeal arises from the order passed by the High Court of Judicature at Allahabad dated 7-3-2025 by which the High Court in a Writ Petition filed by the appellant – herein praying for quashing of the First Information Report lodged by the Respondent No.4 – herein for the offence punishable under Sections 60(b), 316(2) and 318 (2) of the Bharatiya Nyaya Sanhita, 2023 (for short, “the BNS, 2023”) directed the parties to go for mediation and simultaneously also directed the appellant – herein to hand-over a demand draft of Rs.25,00,0000/- (Rupees Twenty Five Lakh only) for the purpose of mediation to the Respondent No.4 (original complainant). b  
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3. The impugned order passed by the High Court reads thus” –  
“1. Heard Ms. Sana Raees Khan, learned counsel for the petitioner and learned A.G.A. appearing for the State respondents. d

2. The petitioner, by means of this writ petition under Article 226 of the Constitution of India, has invoked the inherent jurisdiction of this Court with prayer to quash the impugned First Information Report dated 09.01.2025 registered as Case Crime No.12 of 2025 under Sections 60(b), 316(2) and 318(2) of B.N.S., 2023, P.S. Hariparwat, District Agra. Further request is made to issue direction to the respondents not to arrest the petitioner. e

3. Learned counsel for the petitioner submits that the petitioner is a co-founder and production head of M/s. Karma Media and Entertainment LLP, which is primarily engaged in production of motion picture. The respondent no.4 (informant) is running the business under the name and style of M/s Polaroid Media, which is engaged in the business of financing, co production and co- financing media projects. The informant has lodged the impugned FIR by dragging a civil dispute inter-se the parties into criminal case. A bare perusal of the impugned FIR, no criminal offence is made out against the petitioner. It is submitted that the Court must ensure that criminal prosecution is not used as an instrument of harassment or for seeking private vendetta or with an ulterior motive to pressurise the accused. Even though the proceedings are pending and neither the charge-sheet nor the final report has been submitted in the present case. In support of her submission she has placed reliance on the judgements of Apex Court in Delhi Race Club (1940) Ltd. vs. State of Uttar Pradesh: 2024 Supreme 689 (paras 25, 28, 29 and 30) and in the case of Radheyshyam & ors vs. State of Rajasthan & another: Criminal f  
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a Appeal No.3020 of 2024 decided on July 22, 2024. She lastly submits that as there is a commercial dispute and both the parties are reputed in the society, instead of dragging the matter in the criminal proceeding. it would be apt that the matter may be referred to the Mediation and Conciliation Centre of this Court.

b 4. In response to the aforesaid request, we have asked learned counsel for the petitioner to seek instructions from the petitioner for upfront payment to the informant so that the matter may be referred to the Mediation and Conciliation Centre and we have adjourned the proceeding. Later on, on the instructions, learned counsel for the  
c petitioner submits that the petitioner is inclined to pay Rs.25 lakhs within three weeks from today.

d 5. Accordingly, the matter is referred to the Mediation Centre of this Court with the direction that after deposit of such amount by the petitioner, the Mediation Centre shall make all possible efforts to conclude the mediation and conciliation proceedings expeditiously, preferably within a period of three months.

e 6. Let the parties be present at the Mediation and Conciliation Centre of this Court on 08.04.2025. The demand draft of Rs.25 lakhs would be handed over to the informant on the said date and a separate draft of Rs.5000/ towards the mediation fee shall also be deposited with the Mediation and Conciliation Centre.

7. List after expiry of aforesaid period before the appropriate Bench along with the report of Mediation Centre.

f 8. Till the next date of listing, respondents are restrained to arrest the petitioner pursuant to the impugned F.I.R. subject to cooperation in the on-going investigation.

g 9. It is made clear that in case there occurs default by the petitioner either in depositing the amount or in appearing before the Mediation Centre on the date fixed, the interim order shall cease to operate and the Mediation Centre shall immediately communicate with the office which in tum shall list the case within a week before the appropriate Bench for passing orders in the matter.”

h 4. We heard Ms. Sana Raees Khan, the learned counsel appearing for the appellant (accused), Mr. Anand Mishra, the learned counsel appearing for the Respondent No.4 and and Mr. Shaurya Krishna, the learned counsel appearing for the State of U.P.

5. Section 60(b) of the BNS, 2023 reads thus:-

Concealing design to commit offence punishable with imprisonment.-

“Whoever, intending to facilitate or knowing it to be likely that he will thereby facilitate the commission of an offence punishable with imprisonment, voluntarily conceals, by any act or illegal omission, the existence of a design to commit such offence, or makes any representation which he knows to be false respecting such design shall,- a

(a) if the offence be committed, be punished with imprisonment of the description provided for the offence, for a term which may extend to one-fourth; and b

(b) if the offence be not committed, to one-eighth, of the longest term of such imprisonment, or with such fine as is provided for the offence, or with both. c

6. Section 316(2) of the BNS, 2023 reads thus:-

Criminal breach of trust. (2) Whoever commits criminal breach of trust shall be punished with imprisonment of either description for a term which may extend to five years, or with fine, or with both. d

7. Section 318(2) of the BNS,2023 reads thus:-

Cheating. (2) Whoever cheats shall be punished with imprisonment of either description for a term which may extend to three years, or with fine, or with both.

8. We called upon the learned counsel appearing for the Respondent No.4 to make us understand in what manner the FIR discloses commission of a cognizable offence. We also called upon the learned counsel appearing for the Respondent No.4 to make us understand in what manner his client could be said to have been cheated so as to constitute the offence of cheating. e f

9. What we have been able to understand is that there is an oral agreement between the parties. The Respondent No.4 might have parted with some money in accordance with the oral agreement and it may be that the appellant - herein overs a particular amount to be paid to the Respondent No.4. However, the question is whether prima facie any offence of cheating could be said to have been committed by the appellant. g

10. How many times the High Courts are to be reminded that to constitute an offence of cheating, there has to be something more than prima facie on record to indicate that the intention of the accused was to cheat the complainant right from the inception. The plain reading of the FIR does not disclose any element of criminality. h

11. The entire case is squarely covered by a recent pronouncement of this Court in the case of “Delhi Race Club (1940)

*Limited vs. State of Uttar Pradesh*” reported in (2024) 10 SCC 690. In the said decision, the entire law as to what constitutes cheating and criminal breach of trust respectively has been exhaustively explained. It appears that this very decision was relied upon by the learned counsel appearing for the petitioner before the High Court. However, instead of looking into the matter on its own merits, the High Court thought fit to direct the petitioner to go for mediation and that too by making payment of Rs. 25,00,000/- to the 4th respondent as a condition precedent. We fail to understand, why the High Court should undertake such exercise. The High Court may either allow the petition saying that no offence is disclosed or may reject the petition saying that no case for quashing is made out. Why should the High Court make an attempt to help the complainant to recover the amount due and payable by the accused. It is for the Civil Court or Commercial Court as the case may be to look into in a suit that may be filed for recovery of money or in any other proceedings, be it under the Arbitration Act, 1996 or under the provisions of the IB Code, 2016.

12. Why the High Court was not able to understand that the entire dispute between the parties is of a civil nature.

13. We also enquired with the learned counsel appearing for the Respondent No.4 whether his client has filed any civil suit or has initiated any other proceedings for recovery of the money. It appears that no civil suit has been filed for recovery of money till this date. Money cannot be recovered, more particularly, in a civil dispute between the parties by filing a First Information Report and seeking the help of the Police. This amounts to abuse of process of law.

14. We could have said many things but we refrain from observing anything further. If the Respondent No.4 has to recover a particular amount, he may file a civil suit or seek any other appropriate remedy available to him in law. He cannot be permitted to take recourse of criminal proceedings.

15. We are quite disturbed by the manner in which the High Court has passed the impugned order. The High Court first directed the appellant to pay Rs.25,00,000/- to the Respondent No.4 and thereafter directed him to appear before the Mediation and Conciliation Centre for the purpose of settlement. That’s not what is expected of a High Court to do in a Writ Petition filed under Article 226 of the Constitution or a miscellaneous application filed under Section 482 of the Code of Criminal Procedure, 1973 for quashing of FIR or any other criminal proceedings. What is expected of the High

Court is to look into the averments and the allegations levelled in the FIR along with the other material on record, if any. The High Court seems to have forgotten the well-settled principles as enunciated in the decision of this Court in the "State of Haryana & Others vs. Bhajan Lal & Others" Reported in 1992 Supp. (1) SCC 335. a

16. In the result, this appeal succeeds and is hereby allowed. b

17. The impugned FIR stands quashed. b

18. We once again clarify that it shall be open for the Respondent No.4 to avail appropriate legal remedy before the appropriate forum in accordance with law for the recovery of the alleged amount due and payable to him. c

**Result:-** Appeal allowed. Impugned order of the High Court set aside. FIR quashed.

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