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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

CNR No. DLHC010426782026

+ CRL.M.C. 6689/2026, CRL.M.A. 27951/2026 & CRL.M.A.
27952/2026

GAJRAJ SINGH

.....Petitioner

Through: Mr. Dhan Mohan, Ms. Tanu B
Mishra, Ms. Tanisha Bhatia and Ms.
Ananya Mishra, Advs.

versus

THE STATE GNCT OF DELHI & ANR.

.....Respondents

Through: Mr. Manoj Pant, APP with SI Shallu

CORAM:

HON'BLE MS. JUSTICE MADHU JAIN

ORDER

% **09.09.2026**

1. This hearing has been done through hybrid mode.
2. The present petition has been filed under Section 528 of the Bharatiya Nagarik Suraksha Sanhita, 2023 (hereinafter referred to as the 'BNSS') seeking quashing of FIR No. 296/2020 registered at Police Station Farsh Bazar, Delhi, under Sections 406 and 420 of the Indian Penal Code, 1860 (hereinafter referred to as the 'IPC') , along with the proceedings arising therefrom.
3. The petitioner, Gajraj Singh, is a resident of Khanpur Village, New Delhi. Respondent No. 1 is the State, through the Station House Officer of Police Station Farsh Bazar, and respondent No. 2 is Sanjeev Kumar, the



complainant in the aforesaid FIR.

4. As per the case of the petitioner, he and respondent No. 2, along with respondent No. 2's father, Dharamvir Kashyap, were known to each other and had business dealings in the food-grain market.

5. The dispute between the parties relates, *inter alia*, to a Toyota Fortuner car bearing registration No. DL-5CQ-1800. The petitioner states that, the sale consideration was settled at ₹30,00,000/-.

6. It is the petitioner's case that possession of the vehicle was handed over to him on 21.03.2020. He claims to have paid ₹10,00,000/- in cash and to have issued a cheque for the balance amount of ₹20,00,000/-. According to him, the relevant sale documents were also executed at the time of handing over the vehicle.

7. The petitioner further states that the vehicle was subject to a bank loan and that respondent No. 2's father had assured him that the loan would be cleared and that the bank's No Objection Certificate and other relevant documents would be handed over to him by 14.07.2020.

8. According to the petitioner, on 18.06.2020, respondent No. 2's father requested that the balance amount of ₹20,00,000/- be paid in cash on the ground that the amount was required for clearing the loan relating to the vehicle and for booking another car. The petitioner claims that he paid the said amount in cash and that a receipt-cum-undertaking was issued acknowledging receipt of the entire sale consideration.

9. The petitioner has also relied upon certain documents relating to the vehicle, including its registration certificate, sale letter, receipt of payment, insurance policy, service receipt and Fastag-related records. According to him, these documents show that the vehicle had been sold and delivered to



him and that he had incurred expenses in respect of its insurance, servicing and use.

10. The petitioner states that, on 14.07.2020, when he was not available, his driver, Jaibir Singh, was called to the residence of respondent No. 2 and his father. It is alleged by the petitioner that his driver was carrying cash and that, instead of handing over the bank documents and No Objection Certificate, respondent No. 2 and his father took away the cash, the driver's scooty and his mobile phone. The petitioner further alleges that his driver was taken to Police Station Chhawla and was threatened and beaten.

11. According to the petitioner, on 15.07.2020, he submitted complaints to the concerned police authorities regarding the aforesaid incident. He also claims to have sent a legal notice dated 16.07.2020 to respondent No. 2, calling upon him to return the cheque issued towards the balance sale consideration and to hand over the bank's No Objection Certificate and other documents relating to the vehicle.

12. On the other hand, FIR No. 296/2020 came to be registered at Police Station Farsh Bazar on 16.07.2020 on the complaint of respondent No. 2 against the petitioner for offences under Sections 406 and 420 IPC.

13. According to the allegations in the FIR, the petitioner obtained various amounts from respondent No. 2 and his family members by representing that he could arrange registration of their company with the Food Corporation of India and supply rice through the said organisation.

14. The complainant alleged that the petitioner had, under a pre-planned conspiracy, taken the Fortuner car and an amount of approximately ₹4,75,000/- from him and had failed to return either the vehicle or the money. On the basis of these allegations, the aforesaid FIR was registered.



15. The petitioner on the other hand claims that the FIR was lodged as a counterblast to the complaints and legal notice issued by him on 15.07.2020 and 16.07.2020.

16. The petitioner had initially approached the learned Trial Court seeking anticipatory bail. His application was dismissed by the learned District and Sessions Judge, Karkardooma Courts, Delhi, on 08.01.2021. Thereafter, he filed Bail Application No. 153/2021 before this Court.

17. On 16.02.2021, interim protection was granted to the petitioner in the said bail application. Subsequently, by order dated 05.10.2023, this Court allowed the anticipatory bail application, taking note, inter alia, of the petitioner having joined the investigation.

18. The petitioner further states that, on 30.04.2025, the State filed Criminal Miscellaneous Case No. 2934/2025 before this Court seeking cancellation of the anticipatory bail granted to him. The said proceedings arose out of the same FIR. In the said cancellation proceedings, it was alleged on behalf of the State that the petitioner had been directed to join the investigation as and when required but had failed to respond to four notices issued under Section 41-A CrPC. By order dated 30.04.2025 passed in Criminal Miscellaneous Case No. 2934/2025, this Court directed issuance of notice to the petitioner in the application seeking cancellation of bail.

19. Respondent No. 2 and his son, Sunil Kumar Kashyap, have also instituted a civil suit for recovery against the petitioner. The suit, bearing CS DJ No. 718/2023, titled '*Sunil Kumar Kashyap and Another v. Gajraj Singh*', is stated to be pending before the learned District Judge, Central District, Tis Hazari Courts, Delhi.

20. The petitioner has also referred to a criminal complaint allegedly filed



by him against respondent No. 2 and his brother, which, according to him, is pending investigation before the concerned court. He claims that no effective action has been taken on his complaints.

21. On the basis of the aforesaid facts, the petitioner has approached this Court seeking quashing of FIR No. 296/2020 registered at Police Station Farsh Bazar under Sections 406 and 420 IPC, as well as the subsequent proceedings arising therefrom.

SUBMISSIONS ON BEHALF OF THE PETITIONER:

22. Learned counsel for the petitioner submits that the petitioner has been falsely implicated in the present case and that, even if the allegations contained in the FIR are taken at their face value, no offence under Sections 406 or 420 of the Indian Penal Code is made out against the petitioner.

23. It is submitted that respondent No. 2 and his son have themselves instituted a civil suit for recovery against the petitioner, thereby acknowledging the existence of business and monetary transactions between the parties. Learned counsel submits that the institution of the civil suit itself demonstrates that the dispute is essentially civil in nature.

24. It is submitted that the petitioner had assisted respondent No. 2 and his brother in the purchase and sale of food-grain items and that the amounts received by the petitioner were towards commission for such transactions. Therefore, according to the petitioner, the allegations of dishonest inducement and cheating are wholly misconceived.

25. Learned counsel submits that the petitioner has no role attributed to him which satisfies the essential ingredients of the offences under Sections 406 or 420 IPC. It is contended that the FIR does not disclose any entrustment of property to the petitioner or any dishonest misappropriation thereof.



26. It is further submitted that, in a normal transaction of sale, the consideration is paid and possession of the property is delivered to the purchaser. Such a transaction does not amount to entrustment so as to attract Section 406 IPC.

27. Learned counsel submits that the offence of cheating under Section 420 IPC requires the existence of a fraudulent or dishonest intention from the very inception of the transaction. Mere failure to perform a promise or a subsequent dispute regarding payment or performance of contractual obligations cannot, by itself, constitute the offence of cheating.

28. Learned counsel submits that the allegations in the FIR themselves show that the parties were known to each other and had been carrying on business transactions over a period of time. Such circumstances, according to the petitioner, are inconsistent with the allegation that the petitioner had dishonestly induced respondent No. 2 from the very beginning.

29. Learned counsel submits that this Court, while granting anticipatory bail to the petitioner on 05.10.2023, had noted that the petitioner had joined the investigation and was not required for further investigation, subject to his joining the investigation as and when required.

30. It is contended that, despite the aforesaid order and despite the petitioner having supplied the relevant documents, no charge-sheet has been filed in the present case from the year 2020 till date. Learned counsel submits that the prolonged pendency of the investigation, without filing of a charge-sheet, demonstrates that no incriminating material has been collected against the petitioner.

31. Learned counsel submits that the pendency of proceedings for cancellation of anticipatory bail does not bar this Court from examining the



legality and sustainability of the FIR on its own merits. It is contended that the petitioner is seeking quashing of the FIR and the proceedings arising therefrom on the ground that the allegations, even if accepted in their entirety, do not constitute the offences alleged.

32. It is submitted that the application for cancellation of bail was filed only subsequently and is based upon the allegation that the petitioner had failed to comply with certain notices issued under Section 41-A CrPC. The petitioner disputes the said allegation and submits that he had appeared before the police whenever called and that the Investigating Officer was not available on certain occasions.

33. Learned counsel submits that the allegation regarding non-cooperation cannot, in any event, cure the inherent defects in the FIR or convert a civil dispute into a criminal offence.

34. It is further submitted that respondent No. 2 and his family members have been continuously threatening and harassing the petitioner and his family. The petitioner has also alleged that respondent No. 2 has influence with police officials and that the FIR was registered due to such influence.

35. Learned counsel submits that the petitioner had filed a criminal complaint against respondent No. 2 and his brother, which is pending investigation before the concerned Chief Metropolitan Magistrate, Saket Courts, New Delhi. However, no effective action has been taken on the said complaint.

36. It is contended that the allegations in the FIR are malicious and have been made with the ulterior motive of harassing the petitioner, retaining the vehicle and recovering an amount which, according to the petitioner, has already been paid.



37. Learned counsel places reliance upon the judgment of the Supreme Court in *Arshad Neyaz Khan v. State of Jharkhand and Another*, arising out of *SLP (Crl.) No. 3606/2024*, and submits that the offences of criminal breach of trust and cheating are distinct in their nature and cannot be mechanically invoked together in the absence of the requisite ingredients.

38. It is further submitted that Section 405 IPC requires entrustment of property or dominion over property, followed by dishonest misappropriation, conversion, use or disposal in violation of a legal direction or contract. In the present case, according to the petitioner, the transaction was one of sale and purchase and there was no entrustment of property.

39. Learned counsel submits that the ingredients of cheating are also not made out, as there is no allegation or material to show that the petitioner had a dishonest or fraudulent intention at the inception of the transaction. At best, the allegations disclose a dispute regarding payment, documents and possession of the vehicle, for which the parties have already invoked civil remedies.

SUBMISSIONS ON BEHALF OF THE STATE:

40. Learned APP for the State opposes the present petition and submits that the allegations in the FIR disclose the commission of cognizable offences under Sections 406/420 IPC.

41. Learned APP submits that the petitioner has not fully cooperated with the investigation. It is pointed out that notices under Section 41-A CrPC were issued to the petitioner, but he failed to comply with the same. The State has also initiated proceedings for cancellation of his anticipatory bail on account of his alleged non-cooperation.

42. It is submitted that the petitioner's allegation that the investigation



stood completed is not sufficient to seek quashing of the FIR, as the investigation is still pending and the police are required to examine the documents and allegations raised by both sides.

43. Learned APP further submits that the petitioner is involved in 14 other cases/involvements. The said antecedents, according to the State, are relevant while considering the petitioner's conduct and the relief sought by him.

ANALYSIS AND FINDINGS:

44. This Court has considered the submissions advanced by learned counsel for the parties and perused the material placed on record.

45. The power under Section 528 of the BNSS, is required to be exercised sparingly and with circumspection. At the stage of considering a petition for quashing of an FIR, this Court is not required to undertake a detailed examination of the probative value of the allegations or to conduct a mini-trial. The allegations contained in the FIR are required to be examined as a whole, and the defence of the accused cannot ordinarily be adjudicated upon at this stage.

46. In the present case, the FIR alleges that the petitioner induced respondent No. 2 and his family members to part with money and the Toyota Fortuner vehicle by making representations regarding registration of their company with the Food Corporation of India and arranging supplies through the said organisation. It is further alleged that the petitioner obtained various amounts, including amounts transferred through banking channels, and thereafter failed to return the money and the vehicle. The FIR also refers to the dishonour of the cheque issued by the petitioner.

47. The aforesaid allegations, taken at their face value, cannot be said to be



so inherently improbable that no prudent person could reach a conclusion regarding the commission of an offence. The allegations disclose, prima facie, the ingredients of cheating and criminal breach of trust, warranting investigation by the police. Whether the petitioner had made the representations alleged in the FIR, whether such representations were false, whether the amounts and vehicle were entrusted to him, and whether he had dishonestly misappropriated or converted the same are all matters which require examination of the evidence.

48. The principal defence of the petitioner is that the transaction relating to the vehicle was one of sale and purchase, that the entire sale consideration had been paid, and that a receipt-cum-undertaking had been executed acknowledging the payment. The petitioner has also relied upon documents relating to the vehicle, including the registration certificate, sale letter, insurance policy, service receipt and Fastag records. However, the genuineness, execution and legal effect of these documents, as well as the circumstances in which they were executed, cannot be conclusively determined in the present proceedings. These are disputed questions of fact which cannot be examined in exercise of the limited jurisdiction under Section 528 of the BNSS.

49. It is no doubt correct that a mere breach of contract or failure to honour a promise does not, by itself, constitute the offence of cheating. However, at this stage, the Court is only required to examine whether the allegations, if accepted in their entirety, disclose the basic ingredients of the offences alleged. The FIR, read as a whole, contains allegations of dishonest inducement, receipt of money and vehicle, and subsequent failure to return the same. It would, therefore, be premature to hold that the essential



ingredients of Sections 406 and 420 IPC are completely absent.

50. The reliance placed by learned counsel for the petitioner upon the judgment in ***Arshad Neyaz Khan v. State of Jharkhand*** and Another does not assist the petitioner at this stage. The said decision reiterates that the offences of cheating and criminal breach of trust are distinct and that their ingredients must be independently satisfied. It does not lay down that an FIR containing allegations of both offences is liable to be quashed merely because the accused disputes the nature of the transaction or claims that the dispute is civil in nature. In the present case, the allegations require investigation to determine the precise nature of the transaction and the role played by the petitioner.

51. The petitioner's allegation that the FIR was lodged as a counterblast to his complaints and legal notice is a matter of defence. The complaints allegedly submitted by the petitioner, the legal notice dated 16.07.2020, and the allegations made by him against respondent No. 2 and his family members may be relevant during investigation or trial, but they do not, at this stage, render the FIR liable to be quashed. The rival allegations made by the parties demonstrate that the matter involves disputed facts which cannot be resolved in the present proceedings.

52. The petitioner has also relied upon the order dated 05.10.2023 granting him anticipatory bail and the observation therein that he had joined the investigation and was not required for further investigation at that stage. The grant of anticipatory bail, however, does not amount to a finding on the merits of the allegations in the FIR. The said order cannot be construed as an adjudication that no offence was made out against the petitioner or that the investigation was required to be terminated.

53. The submission that the investigation has remained pending for a



considerable period and that no charge-sheet has been filed till date also does not, by itself, constitute a ground for quashing the FIR. The petitioner would be at liberty to avail of such remedies as may be available to him in law in case of undue delay or violation of any specific direction of the Court.

54. As regards the submission of the State that the petitioner is involved in 14 other cases or involvements, the said aspect, may be considered by the appropriate court in the proceedings where it is relevant. This Court does not consider it necessary to express any opinion on the nature or merits of such alleged antecedents while deciding the present petition. The present petition has to be examined on the basis of the allegations contained in FIR No. 296/2020 and the material relevant thereto.

55. In view, of the allegations in the FIR, this Court is of the view that the same cannot be said to be devoid of any criminality or to constitute only a purely civil dispute. The allegations, if proved, may attract the offences under Sections 406 and 420 IPC. The defence raised by the petitioner, including the alleged payment of the sale consideration, execution of the receipt-cum-undertaking, ownership and possession of the vehicle, and the alleged counterblast, requires appreciation of evidence and cannot be adjudicated upon in exercise of the jurisdiction under Section 528 of the BNSS.

56. No ground is, therefore, made out for quashing FIR No. 296/2020 registered at Police Station Farsh Bazar, Delhi, under Sections 406 and 420 IPC, or the proceedings arising therefrom.

57. The present petition is accordingly dismissed. Pending applications, if any, also stand disposed of.

58. Nothing stated herein shall be construed as an expression of opinion on the merits of the case. The Investigating Officer shall conduct the



investigation fairly and in accordance with law, uninfluenced by any observation made in the present order.

59. The order be uploaded on the website forthwith.

MADHU JAIN, J

SEPTEMBER 9, 2026/JYH/P