



Crl.OP(MD)No.7716 of 2024

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BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED : 18.12.2025

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THE HONOURABLE MRS.JUSTICE L.VICTORIA GOWRI

Crl.O.P.(MD).No.7716 of 2024

and

Crl.M.P.(MD).No.5375 of 2024

1. Nagammai
2. Subu @ Subramanian
3. Hari @ Subramanian ... Petitioners /Accused Nos.1 to 3

Vs.

1. The State of Tamil Nadu,
Rep. by The Inspector of Police,
Alagappapuram Police Station,
Sivagangai District.
(Crime No.10/2024) ... Respondent / Complainant
2. Karthick Raja ... Respondent / Defacto
Complainant

Prayer: Criminal Original Petition is filed under Section 528 of BNSS, 2023, to call for the records pertaining to the FIR in Crime No.10 of 2024 on the file of the First Respondent Police and to quash the same.

For Petitioners : Mr.RM.Arun Swaminathan
For R-1 : Mr.S.Ravi
Additional Public Prosecutor



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For R-2 : M/s.A.S.Rajeswari

ORDER

Preface:

The present Criminal Original Petition is a classic illustration of a dispute arising out of a commercial construction contract, which has subsequently been given the colour of a criminal prosecution. The petitioners seek the invocation of the inherent jurisdiction of this Court to prevent abuse of the criminal process, contending that the allegations, even if taken at face value, disclose at best a civil dispute and do not satisfy the essential ingredients of the offences alleged.

Case of the prosecution:

2. The prosecution case, as borne out from the FIR in Crime No.10 of 2024, is that on 09.06.2023, the petitioners and the second respondent/ *defacto* complainant entered into a written agreement for the construction of a dwelling house, containing stipulated terms and conditions.

3. It is alleged that pursuant to the said agreement, the *defacto* complainant paid a total sum of Rs.23,38,520/- through online



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transactions on various dates. According to the *defacto* complainant, the petitioners thereafter demanded an additional 10% amount, and upon refusal to pay the same, the construction work was stalled.

4. It is further alleged that upon verifying with other construction companies, the *defacto* complainant was informed that he had been cheated to the extent of Rs.4,85,043/-, leading to the registration of the impugned FIR for the offences punishable under Sections 406 and 420 IPC.

Case of the petitioners and grounds for quash:

5. The petitioners contend that nearly 90% of the construction work was completed strictly in accordance with the agreement and that the remaining portion could not be completed only due to the financial constraints of the *defacto* complainant.

6. It is the specific case of the petitioners that the agreement itself contained a clause to the effect that price escalation beyond 10% due to material fluctuation would have to be borne by the



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defacto complainant, which he initially agreed to but later resiled from.

7. It is further submitted that even prior to the registration of the present FIR, the second petitioner had lodged a complaint on 26.12.2023, which was registered as C.S.R.No.369 of 2023, and that both parties exchanged legal notices dated 25.01.2024 and 31.01.2024.

8. The petitioners would further point out that they had also approached the learned Judicial Magistrate, Karaikudi, by filing a petition under Section 156(3) Cr.P.C., 1973, in Crl.M.P.No.2140 of 2024, seeking appropriate relief, and that the present FIR was registered behind their back, with a clear intention to evade contractual liability and pressurise them.

9. According to the petitioners, the entire dispute is purely contractual in nature, and the registration of the FIR is nothing but an attempt to convert a civil dispute into a criminal case, which warrants interference by this Court.



Submissions:

10. The learned counsel for the petitioners submitted that the essential ingredients of Sections 406 and 420 IPC are conspicuously absent in the complaint. It was contended that there was no dishonest or fraudulent intention at the inception of the contract and that the dispute, if any, pertains only to alleged breach of contractual obligations.

11. The learned counsel for the second respondent/*defacto* complainant submitted that despite receipt of substantial amounts, the petitioners failed to complete the construction and thereby cheated the *defacto* complainant.

12. The learned Additional Public Prosecutor submitted that the FIR was registered based on the complaint and that the allegations require investigation.

13. Heard the learned counsels on either side and carefully perused the materials available on record.



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Point for consideration:

14. The point that arises for consideration is whether the allegations made in the FIR in Crime No.10 of 2024 disclose the essential ingredients of offences under Sections 406 and 420 IPC, or whether the dispute is purely civil in nature, warranting quashment of the FIR?

Analysis :

15. It is a settled principle of law that every breach of contract does not amount to cheating. The *sine qua non* for an offence under Section 420 IPC is the existence of fraudulent or dishonest intention at the inception of the transaction.

16. The Hon'ble Supreme Court in the case of **Sarabjit Kaur v. State of Punjab and Another¹**, has categorically held that a mere failure to keep a promise or breach of contract cannot give rise to criminal prosecution unless dishonest intention is demonstrated from the very beginning.

¹ (2023) 5 SCC 360



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17. Similarly, in ***Mohammed Ibrahim and Others v. State of Bihar and Another***², the Hon'ble Apex Court has observed the essential ingredients of the offence of cheating and has cautioned against mechanically invoking criminal law in contractual disputes.

18. In the present case, the materials on record unmistakably reveal that the parties entered into a construction agreement, acted upon it, exchanged notices, and even initiated parallel proceedings. These circumstances clearly militate against any inference of dishonest intention at the inception of the contract.

19. The dispute revolves around price escalation, extent of work completed, and alleged non-payment, all of which are matters squarely falling within the realm of civil adjudication.

20. The Hon'ble Supreme Court in the case of ***Lalit Chaturvedi v. State of Uttar Pradesh***³ has reiterated that High Courts should not hesitate to exercise their inherent powers to

² (2009) 8 SCC 751

³ 2024 (12) SCC 483



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prevent harassment where criminal proceedings are initiated in the absence of basic ingredients of the alleged offences.

21. This Court, in Crl.O.P.(MD) No.11938 of 2023 dated 14.03.2024, has also reiterated that criminal law cannot be permitted to be used as a tool for arm-twisting in contractual disputes.

22. Applying the aforesaid principles, this Court is of the considered view that the allegations in the impugned FIR, even if accepted in toto, do not make out offences under Sections 406 or 420 IPC, and continuation of the criminal proceedings would amount to abuse of the process of law.

23. In view of the foregoing discussion, this Court holds that the dispute between the parties is predominantly civil in nature, and the invocation of criminal law is wholly unwarranted.

24. Accordingly, the FIR in Crime No.10 of 2024 on the file of the first respondent Police is quashed.



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25. The Criminal Original Petition is allowed, and the connected miscellaneous petition is closed. However, liberty is reserved to the second respondent to work out his remedy before the competent Civil Court, if so advised.

18.12.2025

NCC : Yes / No
Index : Yes / No
Internet : Yes/ No
Sml

To

1. The Inspector of Police,
Alagappapuram Police Station,
Sivagangai District.
2. The Additional Public Prosecutor,
Madurai Bench of Madras High Court,
Madurai.



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L.VICTORIA GOWRI, J.

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