



2025:DHC:2200



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

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Date of decision: 5th March, 2025

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CRL.M.C. 1307/2021, & CrI.M.A. 6717/2021 & CrI.M.A. 19292/2023**1. SRI CHINTALA RAMA MOHAN RAO**

aged about 64 years,
R/o Jupudi Village,
Ibrahimpatnma Mandal,
Krishna District, Andhra Pradesh

.....Petitioner No.1

2. CH. SAI VENKAT,

S/o. Sri Chintala Rama Mohan Rao,
aged about 29 years,
R/o Jupudi Village,
Ibrahimpatnma Mandal,
Krishna District, Andhra Pradesh

.....Petitioner No.2

Through: Mr. C. Mohan Rao, Senior Advocate
with Mr. Chandra Mohan Anisetty
and Mr. Lokesh Kumar Sharma,
Advocates.

versus

1. STATE OF NCT OF DELHI

Through Chief Secretary
Delhi Secretariat
Players Building, IP Estate
New Delhi

.....Respondent No.1

2. M/s. SBC India Ltd.

Represented by its Director
Mr.Gaurav Sharma, S/o. Anil Sharma,
R/o C-5, Sector 33, Noida.
UP-201301.

Signature Not Verified

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By:VIKAS AKORA
Signing Date:01.04.2025
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Registered office at:
No.101/12, Aditya
Complex, Preet Vihar,
Delhi-92.

.....Respondent No.2

Through: Ms. Meenakshi Dahiya, APP for the
State with SI Kavish Rana, P.S.
Lahori Gate, Delhi and SI Upender
Pandey, P.S. Laxmi Nagar, Delhi.
Mr. Nand Kishore Jha, Advocate for
Respondent No.2.

CORAM:
HON'BLE MS. JUSTICE NEENA BANSAL KRISHNA

J U D G M E N T (oral)

1. Petition under *Section 482 of Criminal Procedure Code, 1973* (hereinafter '*CrPC*') has been filed on behalf of the Petitioners seeking quashing of FIR No. 99/2021 registered under Sections 420,406,120-B of IPC at P.S. Laxmi Nagar, Delhi.
2. ***Briefly stated***, the Petitioner no. 1/ Sri Chintala Rama Mohan Rao is in the stone crushing business under the name and style of *M/s. Sree Venkateswara Stone Crushers* (hereinafter '*SVSC*'). The Respondent No. 2/*M/s. SBC India Ltd.* (hereinafter '*SBC*') showed interest in joining the business as investment partner and consequently, entered into an MoU.
3. As per the MoU, the Respondent No. 2 agreed to invest Rs. 3 crores for 12.5% share but only invested Rs. 2 crores. It was posited in the MoU that if any dispute arose *qua* the same, it would be resolved by the Arbitrator. However, Respondent No. 2, instead of appointing an arbitrator,



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approached the Police and filed a Complaint against the Petitioner to harass him.

4. The Respondent No.2 sent a Legal Notice dated 03.06.2020, alleging that the Petitioner installed only 3 plants and failed to install the remaining Three Units as was agreed under the MoU and demanded a sum of Rs. 2,33,13,120/- which includes investment for Units 4 to 6 and Rs.27,05,505/- towards his share of 12.5%.

5. To this Notice, the petitioner no. 1 sent a Reply dated 19.06.2020, requesting him to give 30 day time for sending a detailed Reply because due to Covid-19 pandemic and lockdown, he was not in a position to collect the documents from his office. The Respondent no.2 again sent another Notice demanding the petitioner no. 1 to pay a sum of Rs.4,08,00,000/- which included investment in Unit 1 to 6 and bank finance charges, Rs.27,05,505/- towards 12.5% of his share of the materials sold after 30.06.2018.

6. The **Respondent no. 2** filed a Complaint before P.S. Laxmi Nagar; *vide* case Diary No. 1255 of 2020 dated 5.08.2020, against Petitioner No. 1. The police sent a Notice under Section 175 Cr.P.C. through the SHO Police, Laxmi Nagar asking the petitioner no. 1 to provide MoU, documents pertaining to the crushing Units, details of the amount received by him from the Complainant/respondent no. 2 and details of the amount paid by petitioner no. 1 to respondent no. 2.

7. Again, P.S. Laxmi Nagar sent a Notice under 175 Cr.P.C. addressed to the Director/Chairman RVR Infrastructure Projects Ltd. (*hereinafter* 'RVR') asking him to provide all the documents executed between him and



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M/s. Pavan Granites Metal Works (hereinafter PGMW), details of the amount paid to PGMW and details of stone crushing Units installed by PGMW. It is submitted that the petitioners have nothing to do with PGMW.

8. The petitioner no. 1 sent a detailed Reply denying the allegations made against him and his son. On behalf of RVR, Reply was sent to the P.S. Laxmi Nagar, stating that they have no information about the particulars sought by the police, as they are not aware of any details of SVSC.

9. On 03.04.2021, the Police served a Notice to the Petitioner's son, Sh. Sai Venkat, who has nothing to do with the petitioner's business, and is not aware of any MOU, their financial activities, etc. On 04.04.2021, Sai Venkat sent a representation stating he wanted to join in the investigation but nobody visited their house.

10. The FIR No. 99/2021 under S. 420, 406, 120-B of IPC was registered against the Petitioners.

11. **The Petitioner's seek quashing of the FIR on the ground** that the allegation of the Complainant that the Petitioner No. 1 has failed to establish crushing Units i.e. 4 to 6 is not correct, especially when the Complainant failed to invest further amount of Rs. 1 crore, as per MoU.

12. Further, the Complainant was not correct in approaching the police, when the MoU envisions that any dispute between the parties should be resolved through an Arbitrator. The dispute is entirely *civil in nature* and the offence under the Sections 420, 406, 120-B IPC is not made out.

13. It is further stated that the remaining Units could not be erected due to Covid-19 Pandemic and the decision of the Government of Andhra Pradesh



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to shift the financial capital to Visakhapatnam from Amravathi and not allowing the stone crushing units to run at Amravathi. Anyhow, the terms and conditions enumerated in the MOU are binding on the petitioner no.1 and the complainant for resolving the dispute. According to the petitioner, there is no dispute at all between the petitioners and the complainant.

14. The **Complainant in Reply** has stated that the Complainant lodged the present FIR since the Accused persons intended to cheat from the very beginning, and the present petition should be dismissed.

15. The complainant has denied all the assertions of the Petitioners and has submitted that the Accused persons did not pay any money from the profits earned through their dealings with RVR. It is submitted that the petitioner intentionally and deliberately failed to install the remaining three Units no. 4, 5, & 6, with the motive of cheating the complainant. It is further submitted that the Petitioner's assertion that the complainant did not pay the remaining Rs 1 crore is false, as the same was paid in cash in front of the Petitioner's son. Furthermore, it is the Petitioners who failed to take any steps to amicably settle the disputes in view of Notice dated 03.06.2020 and 22.06.2020 which shows the intention of cheating on the part of Petitioners.

16. It is submitted that the Petitioner's Firm had raised a bill for services offered to RVR for Rs. 45,49,465/- and has not paid any money to the complainant as per his share of 12.5%. The same was done with the intention of cheating the complainant. Thus, the Petitioners are not entitled to quashing of the FIR.

17. **The Status report has been filed on behalf of the State** stating that



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an enquiry was conducted at P.S. Laxmi Nagar on the Complaint received on 05.08.2020 from Mr. Gaurav Sharma, Director of SBC.

18. During the course of enquiry, it was found that the Complainant Company had executed a MOU with the present petitioner with regard to the 06 crushers Units which had to be installed in 03 different locations in Andhra Pradesh.

19. As per the MOU dated 26/04/2018, the complainant Company had invested a sum of Rs. 3 Crores (2 Crore through bank account and 01 Crore in Cash) but only 03 crushers were installed at Ananthvaram Village Site, Guntur District, Andhra Pradesh. Further, it also came to know that the alleged Company had to supply the material produced at Anantvaram Village Site to the purchaser Company namely RVR in the name of SVSC, but the present petitioners were supplying the material produced at Anantvaram Village Site in the name of their another firm namely PGMW, without informing the Complainant and thereby committing cheating and misappropriation of investment as well as profit of the complainant Company. After a preliminary enquiry, *prima facie* offence u/s 420, 406, 120B of IPC was made out and consequently and FIR No. 099/2021 was registered on 04.03.2021.

20. Thereafter, investigation was conducted and the mediator namely Sh. Naidu Venkat Rao had been examined who confirmed that aforesaid MoU was executed between the complainant Company and petitioners Company. As per MOU, the Complainant had paid a sum of Rs. 3 Crores (02 Crores through Bank account and 01 Crore in Cash) but the present petitioners did



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not comply the terms and conditions of the MOU and installed only 03 Crushers Unit at Anantvaram Village Site whereas two stone crusher Units at Badeapuram Site and 01 Stone Crusher unit Nedu Mukalla Site, were never installed by the present petitioners. He further confirmed that the material produced at Anantvaram Site, was supplied to the company namely RVR in the name of PGMW instead of SVSC.

21. As per paragraph 2 of the MOU dated 24.4.2018, the petitioner was to install 3 Unit of stone crusher before 1 July 2018. But till date, no documents were shown or produced that the petitioner has installed 3 new stone crusher Unit at village Anantvaram site apart from the old sites as claimed.

22. Also, as per the para 2 of the MOU, first party i.e. is the petitioner is responsible for obtaining all the license, permission, approvals from the local and other departments for installation of all 6 units which is to be installed 3 unit before July 2018, 2 unit before August 2018 and 1 Unit before September 2018.

23. It is also found that no permission or license was obtained for new Units by the petitioner to install new stone crusher units. The petitioner has not given any satisfactory answers and also failed to produce any documents regarding the permission, approval or license in respect of all 6 Units from the department before 29.05. 2019, as mentioned in the MOU.

24. Furthermore, information with regard to the material supplied by the present petitioners to the Company RVR has been obtained. As per the Report, the present petitioners since February, 2018, had supplied stone



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crushing materials produced at Anantvaram village site to RVR, through their Firm PGMW instead of SVSC and the purchaser company RVR had paid Rs.8,61,04,299/- to the petitioners till March 2019 for supply of material whereas another sum of Rs.45,49,465/- has been paid to the present petitioner against the Services.

25. The **Petitioners in reply to the Status Report** have denied all the assertions and have reiterated that the material on record clearly and categorically shows that the present transaction is purely a business transaction to which the respondent is making an effort to give colour of criminal offence, in order to cover the breach of contract committed by the complainant. It is also submitted that the Parties had gone to arbitration in which a NIL Award has been passed by the Ld. Arbitral Tribunal.

26. Thus, even after taking each and every allegation in the FIR on the face of it, the FIR discloses no offence whatsoever and is liable to be quashed.

27. No response of Complainant/ Respondent No.2 to the Status Report.

28. **Submissions heard and record perused.**

29. *The facts in brief*, are that Sh. Gaurav Sharma, Director of SBC/Respondent made a Complaint dated 05.08.2020 at P.S. Laxmi Nagar making averments that the Complainant Company entered into a MOU dated 26.04.2018 with Petitioner, SVSC through its proprietor Sri Chintala Rama Mohan Rao and his younger son Sh. Sai Venkat (Petitioner Nos.1 & 2). As per the terms of the MOU the Complainant Company invested Rs.2 crores through cheque and Rs.1 crore in cash, in the name of SVSC. As per



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the terms, it was agreed that six stone crushing Units would to be established in a period of three months. Three crushers were to be installed at Ananthavaram; two at Badepuram and one at Nidumukkala.

30. It was claimed that SVSC committed fraud by installing only three out of six Units and further shifted one Unit out of the three installed crushers without the consent of the Complainant Company. It was further alleged that SVSC siphoned off the materials produced by three crushing units and did not pay back invested money as well as the profit of 12.5%, as was agreed under the MOU.

31. On the Complaint, investigations were undertaken by the police who during the enquiry found that out of the six units; only three crushing Units were installed despite the investment of Rs.3 crores having been made by the Complainant. Moreover, the material produced from Anantharam village by SVSC was being reflected in the name of another firm M/s. Pawan Granites Metal Works from where it was being supplied to M/s. RVR Projects Pvt Ltd. and showing nil profits in the name of SVSC, thereby cheating the Complainant of not only their investments but also to their entitlement of 12.5% share in the profits in terms of MOU.

32. **Chargesheet after due investigations** has already been filed as informed during the course of arguments. It has further stated that during the course of investigations, it was found that the Letter dated 29.05.2019 issued by Government of Andhra Pradesh, Finance (FMU-WR.I) Department had been furnished by the Petitioners during the enquiry whereby it was clearly established that the Petitioners had neither applied for any permission nor



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obtained required license for installation of stone crushing units in the given sites. Furthermore, the letter also reflected that the work sanctioned prior to 01.04.2019 was not grounded or cancelled and the Works though already sanctioned, but expenditure was less than 25% of originally estimated value, shall be reviewed afresh.

33. Further investigations revealed that Petitioner had not filed a single document to establish that it had obtained any license or permission from the concerned Authorities for installation of stone crushing Units prior to May, 2019.

34. It was further found that during the investigations that since February, 2018 the Petitioner was supplying the material from Ananthavaram Village site and had paid a sum of Rs.8,61,04,299/- to PGMW till March, 2019. Another sum of Rs.45,49,465/- had been paid to the Petitioners against the services provided by the present Petitioners.

35. The reply of RVR, made it evident that instead of the material produced in the name of SVSC, had been supplied in the name of PGMW (another firm of the Petitioner) only to show *nil* production in the name of SVSC, with the intent to cheat the Complainant.

36. Though on bare perusal of the FIR, it may appear to be purely a civil dispute, but further investigations has established that *prima facie*, it is a case of cheating on the part of the Petitioners in so much as despite taking a investment of three crores, only three Units instead of six have been established and also the 12.5% profit share is also not being given to the Complainant by deviating the supply of material to PGMW another firm of



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the Petitioner, in order to reflect no profits in the name of the Petitioners.

37. *Prima facie* it cannot be said that it is a pure civil dispute, but has some elements of cheating, fraud and deceit as has been revealed during the investigations.

38. The Chargesheet has already been filed. It is not a case where purely on the basis of averments made in the FIR, it can be concluded that no offence is made out; rather it is only after the investigations it could be ascertained that prima facie offences under 420, 406, 120-B of IPC were made out and Charge-Sheet accordingly, filed. Therefore, there is no ground for quashing of the FIR.

39. However, the observations made herein are not an expression on the merits of the case and the Petitioners are at liberty to agitate their contentions before the learned Trial Court in the appropriate proceedings.

40. The petition is accordingly disposed of.

(NEENA BANSAL KRISHNA)
JUDGE

MARCH 5, 2025